



Breakaway secures A\$8M North Queensland Joint Venture with Sandfire and a strategic investment

Strong endorsement of Breakaway’s growth potential and the quality of its projects

- Farm-in Joint Venture agreement signed with Australian copper producer Sandfire Resources NL for the Broader Altia Project in NW Queensland targeting all minerals.
- Sandfire to spend A\$4M over 3 years to earn an initial 60% interest, with the option to increase to 80% through further expenditure of A\$4M over 3 years.
- Sandfire will also acquire a strategic stake at a premium in Breakaway by injecting A\$600,000 to boost its working capital for ongoing copper-gold exploration in NW Queensland.
- Agreements signal a strong endorsement of the exploration potential of the Broader Altia Project, as well as Breakaway’s copper-gold portfolio.

Breakaway Resources Limited (ASX: BRW – “Breakaway”) is pleased to announce that it has secured the involvement of Australian copper producer Sandfire Resources NL (ASX: SFR – “Sandfire” or “the Company”) in the continued exploration of its **Broader Altia Project** in north-west Queensland through a landmark **A\$8 million** farm-in joint venture.

In addition, Sandfire has agreed to inject **A\$600,000** to acquire a 6.3% stake in Breakaway, with the additional funding to be utilised for ongoing exploration of its 100%-owned **Eloise Exploration Project**, including its flagship Sandy Creek Copper-Gold Project, where it is in the process of calculating a maiden JORC resource estimate.

Sandfire is one of Australia’s most successful exploration and mining companies, responsible for the discovery and rapid development of the world-class DeGrussa Copper-Gold Project in Western Australia which commenced production earlier this year. The Broader Altia Project joint venture and strategic investment forms part of its growing business development portfolio.

The farm-in joint venture and strategic corporate investment represent a strong endorsement of the exploration potential of the Broader Altia Project – where Sandfire will primarily be targeting large-scale Broken Hill Type (BHT) lead-zinc-silver discoveries similar to the nearby Cannington deposit.

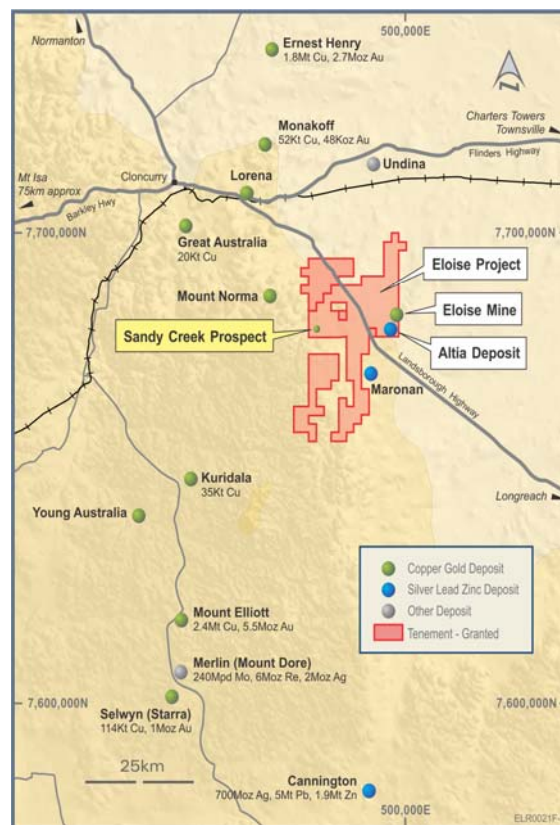


Figure 1: Eloise Exploration Project Location

Broader Altia Farm-in Joint Venture

Sandfire has reached agreement with Breakaway's 100%-owned subsidiary, Levuka Resources Pty Ltd, to farm-in to the broader Altia Project, located 70km south-east of Cloncurry in north-west Queensland (*Figure 1*).

The tenements encompassed by the Joint Venture include the Altia Deposit, where Breakaway has delineated a maiden Inferred Mineral Resource (Table 1), the Boralis prospect to the North, as well as a tenement to the south incorporating the Coral Reef prospect (*Figure 2*).

Under the Joint Venture agreement, Sandfire can earn an initial 60% interest by spending A\$4 million on exploration over a three-year period, and can then elect to increase its stake to 80% by spending a further A\$4 million over the subsequent three years. Sandfire can withdraw after spending a minimum of A\$1 million within the first year of the Joint Venture.

Drilling conducted during 2010 and 2011 has demonstrated that the Altia Deposit lies within a broad mineralised system with silver-lead-zinc mineralisation drill-defined over a strike length of 1.2km and to a vertical depth of 800 metres.

Sandfire has completed a review of the broader Altia Project and believes that the Altia deposit may form part of a larger regional structure extending from Boralis in the north, through Altia and south through the Maronan deposit (not on Breakaway's ground) to Coral Reef (*Figure 2*).

Accordingly, the new Joint Venture area encompasses a broader northern tenement area covering a total area of 24.6 km² which includes the Altia deposit, the Altia West Copper Target, the Altia North Silver Target and the Boralis prospect. The southern tenement area covers an area of 19.1 km² and includes the Coral Reef prospect.

Strategic Investment

In addition, Sandfire has entered into a Subscription Agreement with Breakaway under which it will make a strategic investment in the Company by subscribing for 26,086,956 fully paid ordinary Breakaway shares at an issue price of A\$0.023 per share for a total investment of **A\$600,000**.

The issue price represents a **44% premium** to the closing price of Breakaway shares on the 3rd of September, the day prior to this announcement being made.

Following completion of the transaction, Sandfire will be Breakaway's third largest shareholder with a 6.3% stake. The placement will be made in accordance with the Company's available 15% placement capacity pursuant to ASX Listing Rule 7.1.

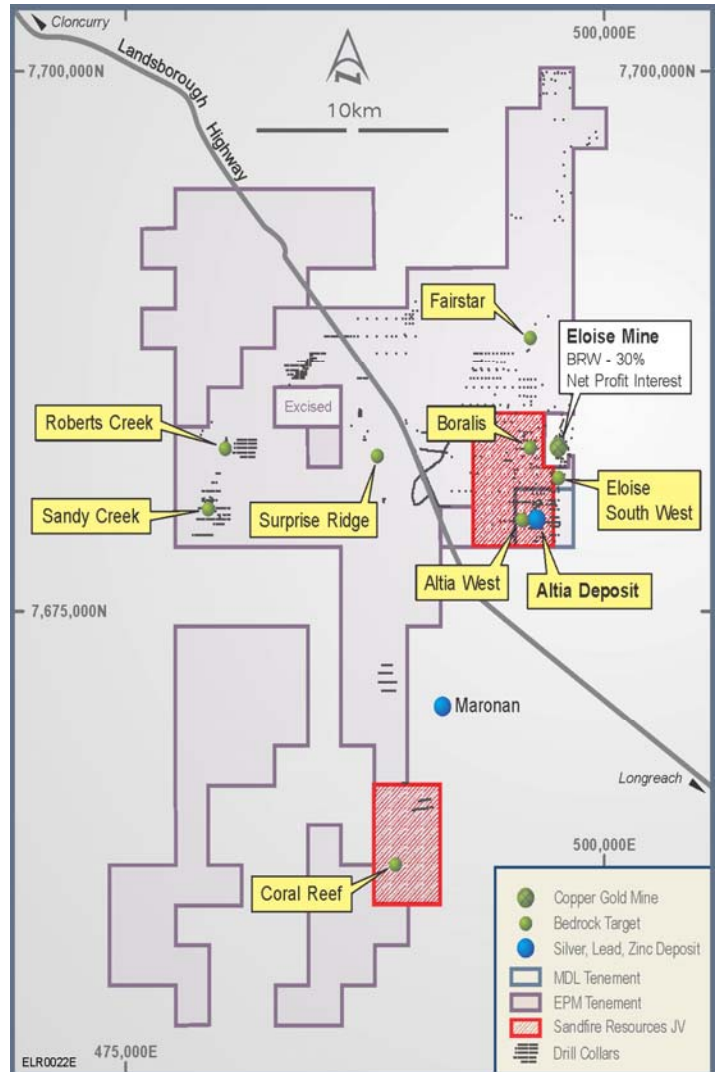


Figure 2: Sandfire JV locations (in red)

The new shares will rank equally with existing Breakaway ordinary shares and will be subject to a voluntary 12 month escrow period. Upon completion, Breakaway will have a total issued capital of 414.3 million shares.

Commenting on the announcement, Breakaway's Managing Director, Mr Victor Rajasooriar, said the Company was delighted to have secured the involvement of one of Australia's most dynamic new copper producers, both in the ongoing exploration of the broader Altia Project and, through a strategic corporate investment, as a new major shareholder.

"We are thrilled to have secured a company of Sandfire's calibre to progress the evaluation of the broader Altia Project, which we believe offers outstanding potential for the discovery of large-scale Broken Hill Type deposits," Mr Rajasooriar said.

"The work undertaken at Altia over the past few years has clearly established the technical merits and potential of the project and, after looking at it with a fresh set of eyes with Sandfire, we believe that the Altia deposit may form part of a much larger mineralised trend which offers multiple targets for a major new discovery.

"With the injection of funding and technical know-how from Sandfire, the newly established joint venture will be in a much stronger position to assess the project and appropriately target its exploration activities with a view to identifying a sizeable new discovery," he added.

"Breakaway shareholders stand to benefit significantly should this occur, as the Company will retain a significant equity exposure to any new discovery," Mr Rajasooriar said. "At the same time, we will have the benefit of being able to access the technical expertise and capability of Sandfire's technical team, which has proven itself as one of the most successful exploration groups in Australia.

"We are particularly pleased that Sandfire has recognised the growth potential within our large project portfolio by agreeing to join our share register as a strategic shareholder. We believe this represents a strong vote of confidence in our broader Eloise Exploration Project, where we have multiple copper-gold exploration targets plus a relatively advanced project at Sandy Creek.

"The funding injection from Sandfire will help us move to the next stage of evaluating the Sandy Creek Project by undertaking a Scoping Study once we complete the maiden JORC resource estimate, for which work is currently underway. We are in the process of assessing the best way forward for the Eloise Project, including opportunities to move Sandy Creek towards a production scenario in the near term."

ENDS

Table 1 – Altia Mineral Resource**Notes Specific to the Resource Estimation of the Altia Silver-Lead Deposit, Eloise Project**

A Resource estimate was carried out by Snowden Mining Industry Consultants Pty Ltd in November 2007 in accordance with the 2004 Guidelines of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. An Inferred Mineral Resource of 5.8Mt @ 40g/t Ag, 4.0% Pb and 0.5% Zn has been estimated for the Altia Deposit within interpreted mineralised lenses.

Lens	Tonnes (Mt)	Pb (%)	Contained Pb Metal * (t)	Ag g/t	Contained Ag * (Moz)	Zn (%)	Contained Zn Metal * (t)
Lens 1 (Upper)	3.9	4.1	159,000	32	4.0	0.4	17,000
Lens 2 (Lower)	1.9	3.8	70,000	57	3.4	0.6	12,000
Total	5.8	4.0	229,000	40	7.5	0.5	29,000

* The contained metal and ounces lie wholly within the resource boundaries and do not imply recoverable metal.

Methodology:

Estimation of silver, lead and zinc grades and density within each of the interpreted lenses was completed using the ordinary kriging interpolation technique within MineSight software. Compositing honoured the interpreted geological boundaries and was completed to a 2.0 m length. Composite samples were coded by lens so that only samples within a single lens were used for grade estimation of that particular lens. A block size of 10 m E x 50 m N x 25 m elevation was selected and block percentages for each lens were recorded into the MineSight block model. The total resource estimate for each lens has been derived by weighting the estimated silver, lead and zinc grades for each block by the estimated tonnage for each lens within each block.

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Competent Persons Statement:

The information in this report that relates to the estimation of the **Altia Mineral Resource** was compiled by **Mr Justin Watson**. Mr Watson is a full time employee of Snowden Mining Industry Consultants. Mr Watson is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Watson consents to the inclusion of this information in the form and context in which it appears in this announcement.

About Breakaway Resources Limited:

Breakaway Resources aims to generate shareholder wealth through the discovery and development of a high-quality standalone mineral deposit. The Company's exploration activities are focussed on our priority Eloise Exploration Project (copper-gold) located within the Cloncurry District of North West Queensland an area that we believe offers the most attractive opportunities for future success.