



Activity Report for the Quarter Ended 30 September 2010

Nickel Exploration – Western Australia

- Maintaining Leinster District focus.
- Wildara Target Generation and Prospectivity Ranking exercise identifies 5 priority targets for future drill testing
- Miranda geophysical survey identifies 5 new EM conductors within interpreted southern extension to Mt Goode Ultramafic Belt

Base Metal Exploration – Queensland

- Initial BHP Billiton diamond drilling programme completed at the Altia Silver-Lead-Zinc Deposit.
- Drilling has extended Altia BIF host rock sequence to south of deposit with best intersection of 2m @ 2.86g/t Ag, 0.49% Pb, and 0.42% Zn from 1,144 metres, including 0.2m @ 4.9g/t Ag, 3.12% Pb and 0.42% Zn from 1,144.40 metres.
- A new zone of zinc mineralisation identified east of Altia within parallel-trending Dingo Trend
- Assays awaited

Eloise Copper Mine – Queensland

- Offtake Agreement finalised and Mining Contract terms being negotiated ahead of planned reopening in November 2010.
- The mine's reopening gives Breakaway renewed impetus to re-assess the copper potential of the surrounding 100% owned Eloise Exploration Project.

Divestments

- Proposed divestment of the Scotia and Kambalda West Projects continuing.

Cash Position

- The Company's cash position at the end of the September 2010 Quarter was \$1.6 million.

OVERVIEW

Breakaway has a quality portfolio of mineral exploration projects, which are highly prospective for nickel, gold and base metals, and are strategically located within several highly endowed mineral districts in Western Australia and Queensland (see *Figure 1*). While a large number of targets have been identified on all of the projects, Breakaway has adopted a nickel-focused, pragmatic approach to its ongoing exploration activities.

The Company's long-term corporate objective of discovering a high quality stand-alone nickel sulphide deposit remains unchanged. Accordingly, the Company's future exploration activities remain focused on the Wildara and Miranda Projects, which are located within the world class Leinster District (+9Mt nickel metal endowment) of Western Australia, and offer the best opportunity for the discovery of a stand-alone nickel deposit (see *Figure 2*).

During the Quarter, the Company completed a target generation and prospectivity ranking exercise on the Wildara Project Group. Concurrent with this work, Breakaway completed a ground based electromagnetic (EM) survey at the Miranda Project.

In Queensland, BHP Billiton completed a 4,479.6 metre diamond drilling program testing the broader potential of the Altia Silver-Lead-Zinc Deposit. Under the terms of the Farm-in and Joint Venture Agreement, BHP Billiton can earn 70% of the silver-lead-zinc rights at Altia by completing expenditure of A\$10 million over five years.

Subsequent to the Quarter end, the Company announced that it had been advised by the owners of the Eloise Copper Mine, FMR Investments Pty Ltd, that an Offtake Agreement had been finalised and Mining Contract terms were being negotiated ahead of the Mine's planned reopening in November 2010.

Breakaway has an interest in the mine, being 30% of net profit adjusted for previous losses, and while the Company doesn't factor in any revenue receipts going forward, the reopening is significant as it gives Breakaway renewed impetus to re-assess the copper potential of the surrounding 100% owned Eloise Exploration Project.

The Company's cash position at the end of the Quarter was \$1.6 million.



Figure 1: Breakaway Project Locations

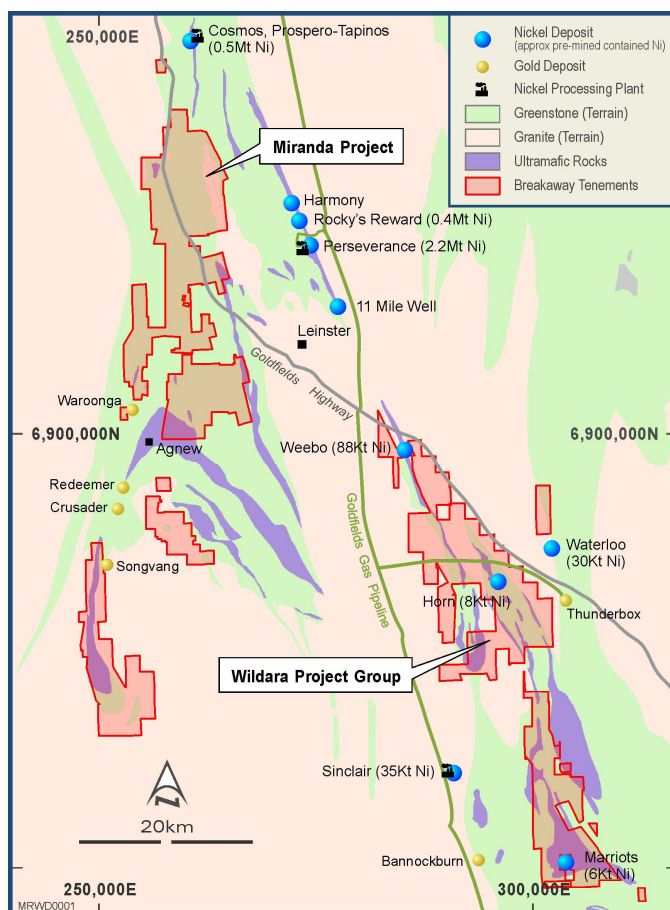


Figure 2: Leinster District Project Location Plan

NICKEL EXPLORATION ACTIVITIES – WESTERN AUSTRALIA

Wildara Project Group – (Breakaway 100% except for Yillaree Project – Breakaway 81.27%/ Hampton Hill 18.73%)

Located 30 kilometres south along strike from BHP Nickel West's Leinster Nickel Deposits (+2.5Mt nickel metal), the Wildara Project Group comprises the 100%-owned Wildara and Mt Clifford Projects and the 81.27%-owned Yillaree Project, with Breakaway's joint venture partner Hampton Hill Mining (ASX:HMM) holding the balance of 18.73% and contributing to expenditure on a pro rata basis (see Figure 3).

Following the recently completed 7,583-metre Reverse Circulation drilling programme at Wildara (see June 2010 Quarterly Report), a target generation and prospectivity ranking exercise was carried out during the Quarter, to determine priority targets for future exploration.

A review of geophysical, geological and geophysical data identified numerous targets which were then systematically ranked against one another on the basis of a conceptual and empirical understanding of local nickel sulphide deposit types and characteristics that best represent Breakaway's corporate exploration "target" of a high value standalone nickel sulphide deposit.

From the work, five priority targets have been identified and of these, three ("Revolution", Glenoran" and "Bakers") represent direct drill targets that can potentially be tested by a single RC/diamond drill-hole. Two prospects ("Horn Deeps" and "New Orleans") are deep targets within the Roadside Ultramafic Belt, which will require deep EM, stratigraphic drilling and possible DHTEM platform drilling to generate discrete drill targets. (See Figure 4).

The Company has previously delineated a JORC Code Compliant Inferred Resource of 600,000t @ 1.39%Ni, 0.3%Cu (8,300 tonnes nickel metal) for the Horn Nickel Deposit which lies within the Roadside Ultramafic Belt.

All of the targets lie within prospective ultramafic rock types and are typically characterised by either highly rated geophysical features (i.e. EM conductors) and / or existing nickel sulphide mineralisation. As shown on Figures 3 and 4, the targets lie within the Roadside and Sinclair Ultramafic Belts at Wildara, and the Mt Clifford Ultramafic Belt at the Mt Clifford Project.

It is anticipated that the targets will be tested in conjunction with further drilling activities on the Miranda Project.

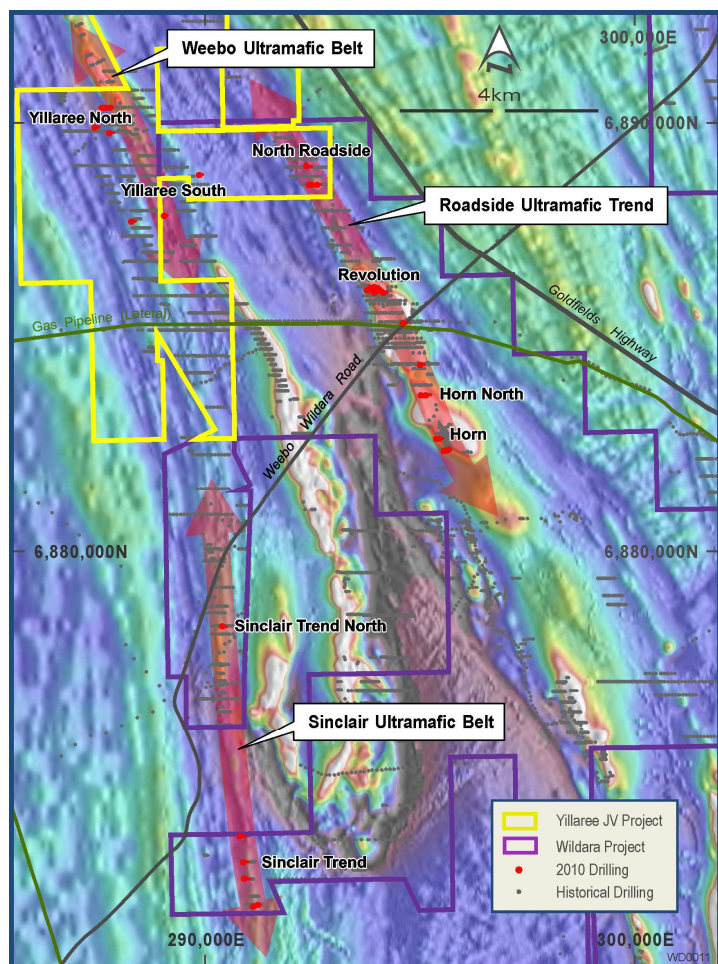


Figure 3: Wildara Project Group Drilling Location Plan

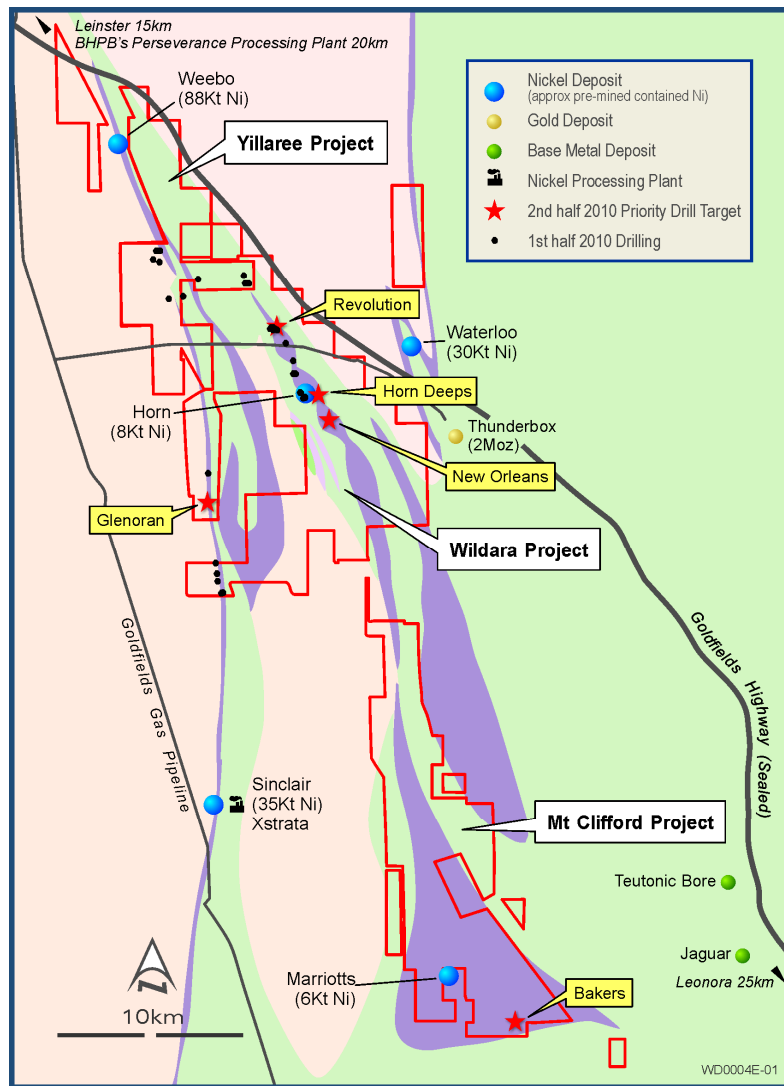


Figure 4: Wildara Project Group Target Location Plan

Miranda Project – (Breakaway 100% Nickel Rights)

Lying directly south along strike from Xstrata’s Cosmos Nickel Deposits (+0.5Mt Ni metal), the Miranda Project covers the interpreted southern extension of the Mt Goode Ultramafic Belt which hosts the Cosmos Deposits (see Figure 2). At Miranda, Breakaway owns 100% of the nickel rights with Goldfields Australasia (“Goldfields”) owning the gold rights.

During the Quarter, Breakaway completed a ground-based Moving Loop TEM (MLTEM) over a 7-kilometre strike length of ultramafic rocks interpreted to be the southern extension to the Mt Goode Ultramafic Belt.

The survey identified numerous new bedrock EM conductors, five of which (see Figure 5) have geophysical characteristics potentially indicative of massive nickel sulphide mineralisation and lie either within or immediately adjacent to favourable ultramafic rocks. Ground based EM surveying is one of the primary techniques used to explore for nickel mineralisation as it can detect buried conductive material such as massive sulphide mineralisation, but also barren graphitic shales and/or saline ground water.

The five highly ranked conductors together with an EM conductor previously obtained by Breakaway to the north are priorities for further geological evaluation and follow up.

The newly completed survey builds on the results of an earlier (2005) Breakaway survey at Miranda North which covered an additional 7 kilometre strike length of the Mt Goode ultramafic, immediately north of the current survey area. In total, Breakaway has now completed modern detailed geophysical coverage over a 14 kilometre strike length of the favourable ultramafic.

The ultramafics at Miranda North have previously been covered with RAB and Aircore drilling on irregularly – spaced sections, typically 200 – 400 metres apart mainly targeting gold. Significantly, interpretation of the drilling has underpinned Breakaway's enhanced geological understanding of the area and bedrock nickel-copper anomalism within the drill dataset (e.g 36m @ 2,700ppm Ni, 163ppm Cu from 40 metres including 18m @ 3,100ppm Ni, 140ppm Cu from 58 metres, and 1m @ 1,920ppm Ni, 385ppm Cu from 64 metres) reinforces the nickel sulphide prospectivity of the ultramafic rocks at Miranda North (see *Table 1*).

Geological evaluation and prioritisation of the EM conductors is continuing ahead of future drill testing.

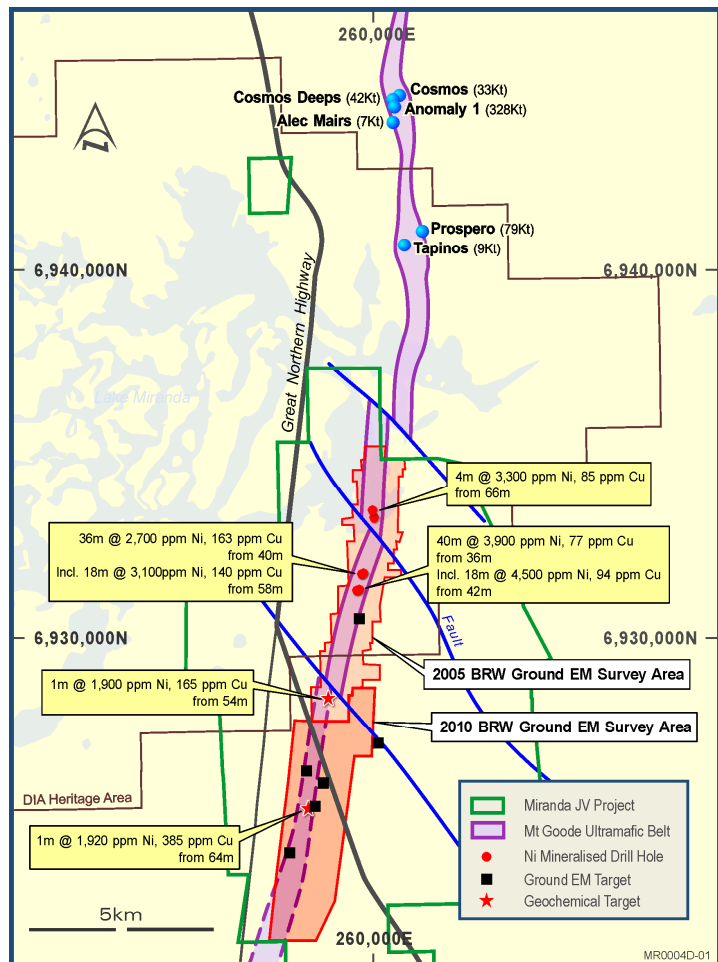


Figure 5: Miranda North showing location of Mt Goode Ultramafic Belt and EM conductors

BASE METAL EXPLORATION ACTIVITIES – QUEENSLAND

Altia Joint Venture Project – BHP Billiton earning 70%

During the Quarter, BHP Billiton Minerals Pty Ltd (ASX: BHP – “BHP Billiton”) completed a six hole (4,479.6 metre) diamond drilling programme testing the broader potential of the Altia Silver-Lead-Zinc Deposit. The drilling programme forms a key component of BHP Billiton’s first year minimum expenditure commitment of \$1 million under the terms of the Altia Farm-in and Joint Venture concluded with Breakaway last year. Under the agreement, BHP Billiton can earn a 70% interest in the silver-lead-zinc rights at Altia by completing expenditure of A\$10 million over five years.

The area subject to the farm-in and joint venture represents approximately 8kms² (8%) of Breakaway’s Eloise Exploration Project and is located approximately 70 kilometres south east of Cloncurry, North Western Queensland (see *Figure 6*).

As shown in *Figure 7*, two holes (ADD10_09 and ADD10_01) drilled to test Altia’s southern down plunge extent successfully intersected banded iron formation (“BIF”) host rocks approximately 280 and 480 metres respectively down plunge of the deposit’s southern boundary (see *Figure 8*).

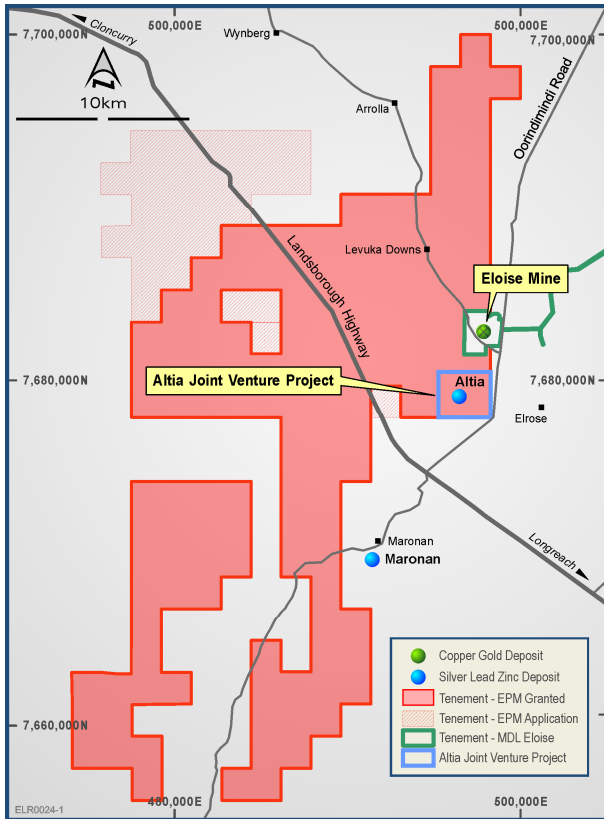


Figure 6: Altia Joint Venture Project Location Plan

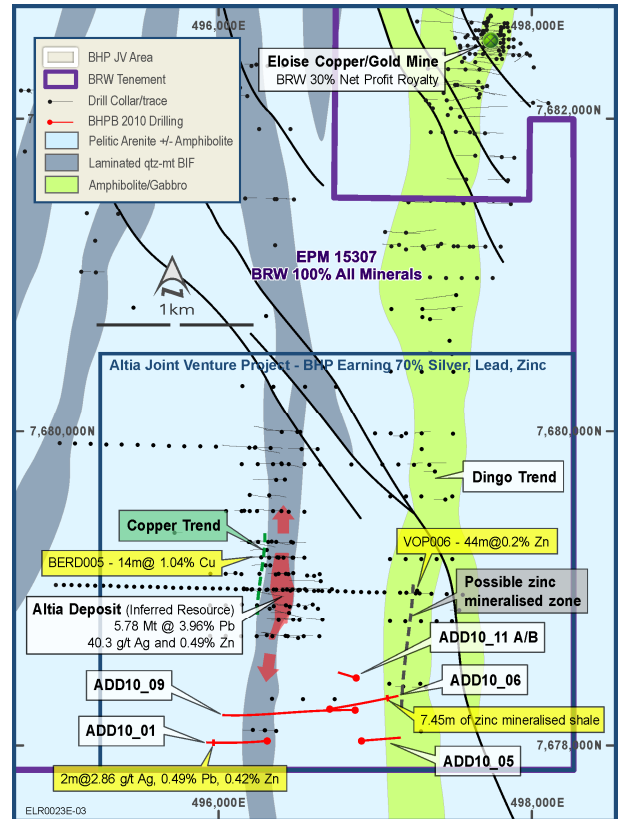


Figure 7: Altia Deposit Drill Hole Location Plan

Within ADD10_09, multiple BIF units up to 15 metres thick (down hole widths) were intersected between 1,091.20 and 1,222.85 metres. Minor amounts of galena (lead sulphide) and sphalerite (zinc sulphide) mineralisation were present and the following anomalous result was returned:

- **2m @ 2.86g/t Ag, 0.49% Pb, and 0.42% Zn from 1,144 metres, including 0.2m @ 4.9g/t Ag, 3.12% Pb and 0.42% Zn from 1,144.40 metres.**

While assays results for the BIF units within ADD10_01 are awaited, the increased distribution of favourable host units is significant as the area has only been previously tested by wide spaced shallow drilling. Sufficient space exists for the development of additional silver-lead-zinc mineralisation at the southern end of the Altia deposit.

Another two holes (ADD10_05 and ADD10_06) were drilled to test the parallel Dingo Trend (see Figure 7). ADD10_06 intersected a new and potentially significant zone of zinc mineralisation approximately 800 metres east of Altia. A 7.45 metre (downhole width – not true width) zone of weak sphalerite (zinc sulphide) mineralisation within a broader 35 metre zone of shale/silica alteration from 663.35 metres is present. Sphalerite occurs as thin wispy lamellae throughout the internal zone.

The new intersection lies approximately 700 to 750 metres south of the historic drill hole VOP-006 which intersected 44 metres @ 0.20% Zn from 94 metres (including 24 metres @ 0.27% Zn from 106 metres) within a silica-altered arenaceous sequence. Interpretation of high resolution ground magnetic data suggests that the two intersections may lie within the same stratigraphic horizon.

Assays results for the zinc mineralised zone are awaited.

A fifth hole, ADD10_11A/B was drilled to a depth of 1,401.4 metres targeting a synformal fold hinge interpreted to lie between the Altia Deposit Trend and parallel Dingo Trend. (A sixth hole ADD10_11 was

abandoned after encountering drilling difficulties). ADD10_11A/B failed to intersect the target fold hinge, intersecting instead, a steep dipping deformed sequence of arenites and pelites.

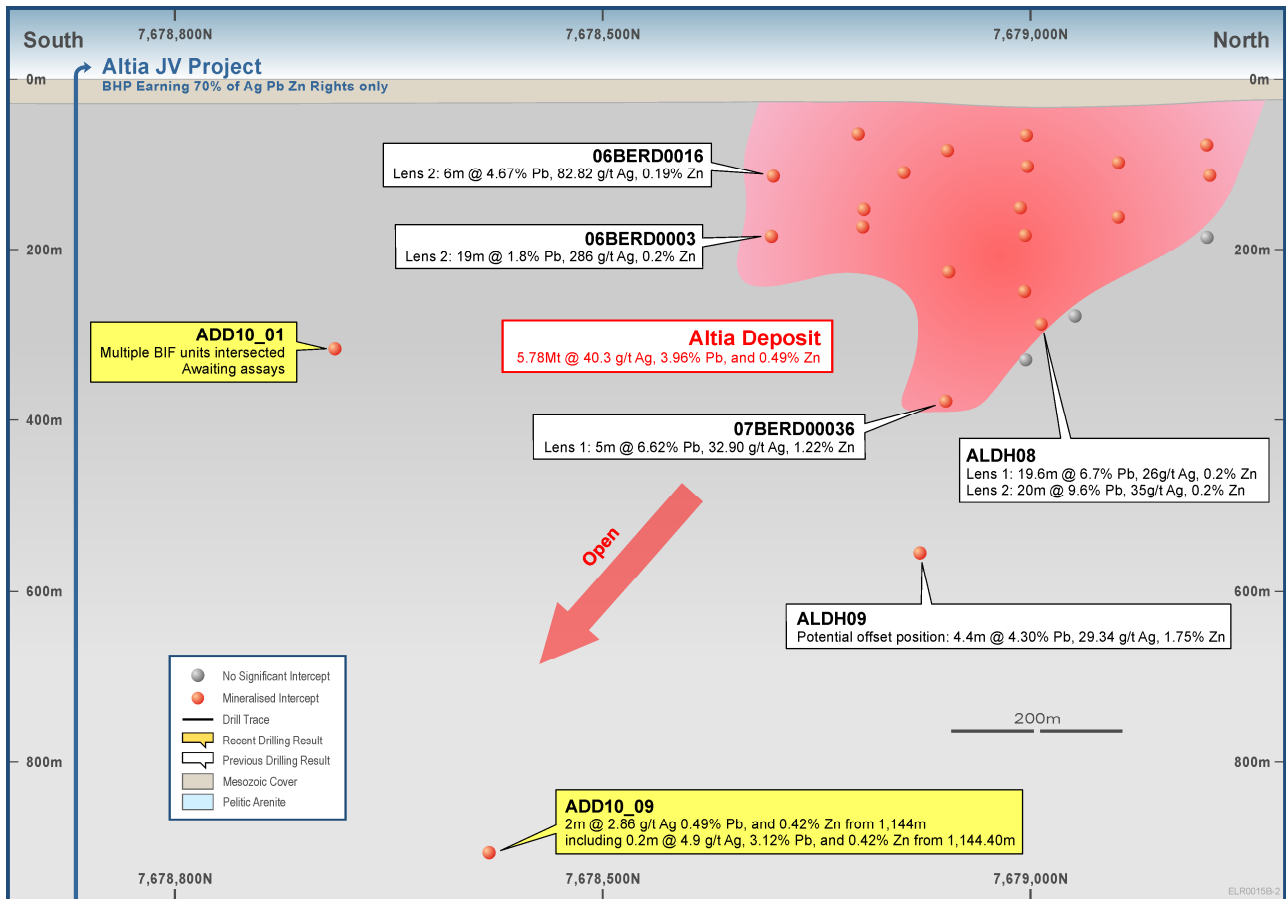


Figure 8: Altia Deposit Long Section and position of Altia BIF units intersected in drilling to date

While geological logging and processing of the drill core is continuing and the majority of assays are awaited, a number of positive geological features identified in the drilling so far (i.e. southern BIF extensions, and parallel zinc mineralisation) suggest that the Altia Deposit may occur within a broader poly-metallic mineralised system.

Following receipt of assay results and integration into existing datasets, BHP Billiton will conduct a review of the Altia Deposit before making recommendations for additional drilling. It is anticipated that this review process will be completed after the Northern Wet Season in early April 2011.

ELOISE COPPER MINE – QUEENSLAND (Breakaway 30% Net Profit Interest)

As announced on 13 October 2010, FMR Investments Pty Ltd (FMR) has now advised Breakaway that they have finalised an Offtake Agreement and are negotiating the Mining Contract terms ahead of a planned reopening of mine in November 2010. The decision to reopen the mine follows the recent increase in the copper price and positive internal reviews of the underground mining method to be employed at Eloise.

The Eloise Copper Mine is located on two excised Mining Leases situated within the eastern boundary of Breakaway's 100% owned Eloise Exploration Project (see Figure 6), which is highly prospective for both copper-gold and silver-lead-zinc mineralisation. The mine is located approximately 3 kilometres north – northeast of the Altia Silver-Lead-Zinc Deposit which is currently being explored by BHP Billiton.

Breakaway has an interest in the mine, being 30% of net profit adjusted for previous losses, and while the Company doesn't factor in any revenue receipts going forward, the reopening is significant as it gives Breakaway renewed impetus to re-assess the copper potential of the surrounding 100% owned Eloise Exploration Project.

PROJECT DIVESTMENT

The Company is continuing to seek expressions of interest for the divestment of the Scotia and Kambalda West Projects, and as previously announced, PCF Capital Group have been engaged to assist with this process.

This is consistent with Breakaway's previously announced strategy of rationalising its extensive Australian minerals portfolio to enable it to focus on its core nickel sulphide exploration projects in the Leinster District of Western Australia.

OUTLOOK

The primary focus of activity for the December Quarter will be the development of the Wildara and Miranda priority targets for drill testing and the ongoing review of the Altia Deposit by BHP Billiton. Additionally the Company will continue to advance its divestment programme and looks forward to informing the market of progress on each activity.



DAVID HUTTON
Managing Director

Table 1. Miranda North Anomalous Historic Drilling Intercepts and Collar Details

Hole ID	Northing	Easting	Dip°	Azi Mag°	From	Downhole Width	ppm Ni	ppm Cu	ppb Pt+Pd
PL_10_17	6931718	259701	-60	076	40	36.0	2,700	163	-
"	"	"	"	"	58	18.0	3,100	140	-
PL_10_23	6931291	259634	-60	076	36	40.0	3,900	77	-
"	"	"	"	"	42	18.0	4,500	94	-
PL_10_28	6933444	260004	-60	076	66	4.0	3,300	85	-
06BMAC010	6924162	259050	-60	270	64	1.0	1,920	385	46
MRRAB5844	6928358	258811	-90	-	54	1.0	1,900	165	-

Notes on Drill Hole Results:

1. The drillholes are historic and as such, details of the analytical methods used are unknown.
2. The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy and using the MGA datum (Zone 51).
3. Intersections are reported as down hole widths, not true widths.

Table 2. Altia Joint Venture Project Drilling Results and Collar Details

Hole ID	Northing	Easting	Dip°	Azimuth Mag°	From	Downhole Width	Ag g/t	Pb %	Zn %
ADD10_09	7678400	497000	-60	263	1,144.00	2.00	2.86	0.49	0.42
including					1,144.40	0.20	4.90	3.12	0.42
ADD10_06	7678200	497035	-60	83	Assay Awaited				
ADD10_01	7678200	496435	-60	263	Assay Awaited				
ADD10_05	7678000	497035	-80	83	Assay Awaited				
ADD10_11	7678600	497000	-85	280	Hole abandoned				
ADD10_11A	7678600	497005	-85	280	Assay Awaited				
ADD10_11B	7678600	497005	-80	328	Wedge hole off ADD10_11A - Assay Awaited				

Notes on Drill Hole Results:

4. All diamond drill hole results were obtained from analysis of 1-metre samples (unless otherwise specified). Sampling was undertaken following logging of geological boundaries within the drill hole. All samples were prepared and analysed at SGS Australia Pty Ltd's Townsville laboratory facility using a single stage mix and grind technique. Base metal analyses were carried out by subjecting a 50-gram portion of the sample to a mixed acid digest and analysing the sample by Inductively Coupled Plasma Optical Emission Spectrometry (ICP).
5. Significant results shown in Table 1 of this report are calculated using a 0.1%Pb, 0.1%Zn, and 1.0g/t Ag lower cut off. Drill hole intersection grades are length weighted averaged grades and do not take account of material density for each sample.

Drill hole locations were determined using a handheld GPS achieving +/- 4 metre accuracy and using the AGD84 datum (Zone 54).

ENDS

For Further Information Contact:

Mr David Hutton, Managing Director

Mobile: 0417 974 843
Business: (08) 9278 6444

Mr John Atkins, Chairman

Mobile: 0419 767 573
Business: (08) 9323 8563

Breakaway Resources Limited

ABN 16 061 595 051
Level 2, 23 Ventnor Avenue
West Perth WA 6005

P/ (08) 9278 6444
F/ (08) 9278 6449
E/ admin@breakawayresources.com.au
W/ www.breakawayresources.com.au

Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Charles (Mark) Fletcher (Exploration Manager) and Mr David Hutton (Managing Director), both full time employees of the Company. Mr Fletcher is a Member of the Australian Institute of Geoscientists (AIG) and Mr Hutton is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Both have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, 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.

About Breakaway Resources Limited:

Breakaway Resources aims to become one of Australia's leading mining and exploration companies with exploration focused at our priority Wildara and Miranda Projects within the Leinster district of the North Eastern Goldfields of Western Australia; an area we believe offers the most attractive opportunities for future success.

Our objectives are the discovery and development of a high-quality stand alone nickel sulphide deposit and maximisation of shareholder wealth for non-priority assets.
