



Chairman's Address – 2010 Annual General Meeting

Good afternoon Ladies and Gentlemen and welcome to Breakaway's 2010 Annual General Meeting.

As outlined in our Annual Report, Breakaway has achieved a great deal over the past 12 months – putting in place the foundations for what we believe will be one of the most important years in the Company's history in 2011.

This will include a critical new phase of exploration and evaluation at our flagship nickel sulphide projects in Western Australia and an exciting new copper exploration initiative in the Cloncurry District of North West Queensland.

Encouragingly, both of these programmes are being planned and undertaken against the backdrop of greatly improved commodity prices and stronger investment sentiment generally for junior resource companies.

With such a full book of exploration activity planned for next year and steady news flow expected over the coming months – I am confident that the outlook for the Company is positive from both a market and an operational perspective.

In the Annual Report, I explained the excellent progress which has been achieved over the past year with our two flagship nickel sulphide projects in Western Australia, the Wildara and Miranda Projects, located near the world-class Leinster Nickel Camp.

The Wildara Project encompasses a large number of nickel targets, many of which have remained virtually untested over the past five years. In the case of Miranda, which lies directly along strike to the south of Xstrata's world-class Cosmos deposits, this area has never been tested for nickel sulphides with most historical exploration being directed towards gold.

The challenge for us has been to sift through this large number of exploration opportunities and – while remaining cognisant of how best to use our limited cash resources – to narrow our search radius to focus on those targets which we believe have the best chance of delivering exploration success in the short term.

Building on the results of the Phase I, 7,500 metre drilling programme completed at Wildara earlier this year, we have been utilising a number of sophisticated exploration techniques – including inversion modelling of aeromagnetic data and three-dimensional integration of all known geological data – to develop a new series of targets for geophysical surveying and drilling next year.

At Miranda, we have received encouraging results from a detailed ground-base electromagnetic (EM) survey which was completed in the second half of the year. This has generated a series of discrete drill targets which are currently being evaluated and prioritised to be included as part of our Phase II drilling programme.

In summary, next year will represent a critical stage of evaluation for both our key Leinster District nickel projects, and we are very excited and motivated about what this holds for the Company.

We are aiming to commence our Phase II drilling and geophysical work programme in the near future, subject to finalising heritage clearances and drill rig availability. The results from this programme should ensure a strong news flow for shareholders commencing early in the New Year.

Turning to our Queensland assets, the past year has been extremely productive for our Eloise Exploration Project, where we have a strategic tenement package surrounding the Eloise Copper Mine, which has been on care and maintenance since December 2008.

After concluding a milestone joint venture last year with BHP Billiton Minerals Pty Ltd covering our Altia silver-lead-zinc deposit, an initial programme of diamond drilling commenced during the second half of the year to test the broader potential of the Altia area.

This programme of six deep diamond drill holes has now been completed, enabling BHP to meet its minimum first year expenditure commitment of \$1 million under the Altia Joint Venture.

While some results are still awaited, the drilling has confirmed the presence of an extensive new anomalous zinc mineralized zone approximately 800 metres east of the existing Altia deposit, as well as confirming southern extensions of the Altia host rock unit.

These positive geological features have significantly enhanced the discovery potential of the Altia Joint Venture area and we understand that BHP Billiton will make a decision on further drilling after reviewing all of the results of the deep drilling programme.

The Altia Joint Venture covers an area of 8km², representing around 2% of our broader Eloise Exploration Project.

As you may be aware, we advised the market on 13 October 2010 that FMR Investments Pty Ltd, the owner of the nearby Eloise Copper Mine, intends to re-open the mine as a result of the recent increase in the copper price. The mine was placed on care and maintenance in December 2008 following a localised hanging wall rock failure coupled with low copper prices.

Breakaway holds 30% net profit interest in the Eloise Copper Mine, adjusted for previous losses.

FMR has subsequently advised us that, while site operations continue to ramp up, delays in procuring some equipment have resulted in a revised anticipated re-commencement date for mining activities of January 2011. A mining contract with underground mining contractor Barmenco will be finalised before the end of the year.

We believe that the re-opening of the Eloise Mine and the significantly improved copper price provide strong strategic imperatives to restart copper exploration within our broader Eloise Exploration Project.

Accordingly, we have recently started planning for an exciting new copper exploration initiative to be undertaken next year to follow up numerous significant historic bedrock copper intercepts within economic trucking distance of the Eloise mill.

Our view is that any new discovery in this world-class copper district could very quickly add substantial value to the Company given the proximity of our tenements to an operating mill, and we would therefore like to fast-track copper exploration as part of our planned 2011 exploration push.

We are currently determining the best option to advance these targets and will provide further information on its planned exploration initiatives at Eloise in due course.

In order to ensure that we have an appropriate level of funding to support these exploration activities, the Company recently launched a Share Purchase Plan ("SPP") giving shareholders the opportunity to subscribe for up to \$15,000 worth of new Breakaway shares at an issue price of 7.4 cents.

The SPP will raise a total of \$3.5 million and is underwritten to \$2.5 million by the leading Australian broking firm Patersons Securities Ltd. It provides all shareholders the opportunity to participate in this milestone capital raising without incurring any brokerage costs or commissions and at an attractive price.

All of Breakaway's Directors intend to take up their maximum entitlement under the SPP, which is being sub-underwritten by FMR Investments Pty Ltd, which is also one of the Company's major strategic shareholders.

The SPP represents one of the most important capital raisings undertaken in the Company's history, as the funds raised will be used to underpin the forthcoming exploration programmes – both at our flagship nickel sulphide projects in the Leinster District of Western Australia, and at the Eloise Exploration Project in North West Queensland.

With intensive work programmes planned on two fronts and in two commodities, Breakaway is set to enter a particularly exciting phase in its history, and I look forward to keeping you updated on our progress over the coming months.

In conclusion, I would like to thank my fellow Directors for their input during the year and, in particular, to recognise the hard work of our Managing Director, David Hutton, in steering the Company through some difficult challenges while continuing to make excellent progress with our key assets.

I would also like to thank shareholders for their ongoing support.

Thank you for your attention and I would like to take this opportunity to wish you well for the festive season and for a prosperous and successful 2011.



John Atkins
Chairman

ENDS

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About Breakaway Resources Limited:

Breakaway Resources aims to become one of Australia's leading mining and exploration companies with exploration focussed 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.