



Activity Report for the Quarter Ended 31 March 2010

Corporate

- Successful completion of a 1-for-3 non-renounceable Rights Issue raises approximately \$3.6 million (before costs).
- Strengthened cash position underpins drill testing of exciting priority nickel targets at Wildara and development of new drilling targets at Miranda Project.

Nickel Exploration – Western Australia

- Maintaining Leinster District focus
- 7,500 metre Reverse Circulation drilling programme at Wildara Project testing priority targets commenced with 3,761 metres completed during and subsequent to the Quarter.
- Favourable ultramafic stratigraphy confirmed along Revolution-Horn Trend and disseminated sulphides with maximum value of 0.67% Ni recorded in one hole.
- Twenty-three new bedrock nickel geochemical anomalies identified at Miranda, eight of which have been prioritised for field review and evaluation ahead of possible drill testing.

Base Metal Exploration – Queensland

- Drill site preparation at Altia JV completed by BHP Billiton ahead of aggressive diamond drilling programme commencing in mid to late May 2010.
- Drill programme targeting potential down dip and along strike extensions to Altia Deposit (7.5Moz of contained silver and 229Kt of contained lead).

Divestments

- Discussions commenced with prospective parties for the divestment of non-priority assets.

Cash Position

- The Company's cash position at the end of the March 2010 Quarter was \$3.57 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 (Figure 1). While a large number of targets have been identified on all of the projects, Breakaway has adopted a nickel-focussed, pragmatic approach to its ongoing exploration activities.

The Company's long-term corporate objective of discovering a high quality stand-alone nickel sulphide deposit of no less than 30Kt Ni metal @ 3% Ni (in Reserve) remains unchanged. Accordingly, the Company's future exploration activities will be focussed 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 (Figure 2).



Figure 1: Breakaway Project Locations

During and subsequent to the Quarter, the Company completed 3,761 metres of Reverse Circulation drilling to test a number of priority nickel targets on the Wildara Project Group, 30 kilometres south of Leinster, WA. Concurrent with this work, Breakaway has defined eight priority nickel geochemical targets for possible drill testing at the Miranda Project. The Wildara drilling is part of a larger 7,500-metre drilling programme, and together with the Miranda work, reinforces the Company's focus on its Leinster District projects.

Consistent with the Company's nickel focus, Breakaway previously entered into a Farm-in and Joint Venture Agreement with BHP Billiton Minerals over its Altia Silver-Lead-Zinc Deposit (whereby BHP Billiton can earn a 70% interest in the Altia silver-lead-zinc rights by completing expenditure of A\$10 million over five years) which lies within the Eloise Exploration Project in Queensland. The agreement has the potential to add considerable value to this asset, and Breakaway looks forward to BHP Billiton commencing an aggressive drilling programme at Altia during the June 2010 Quarter.

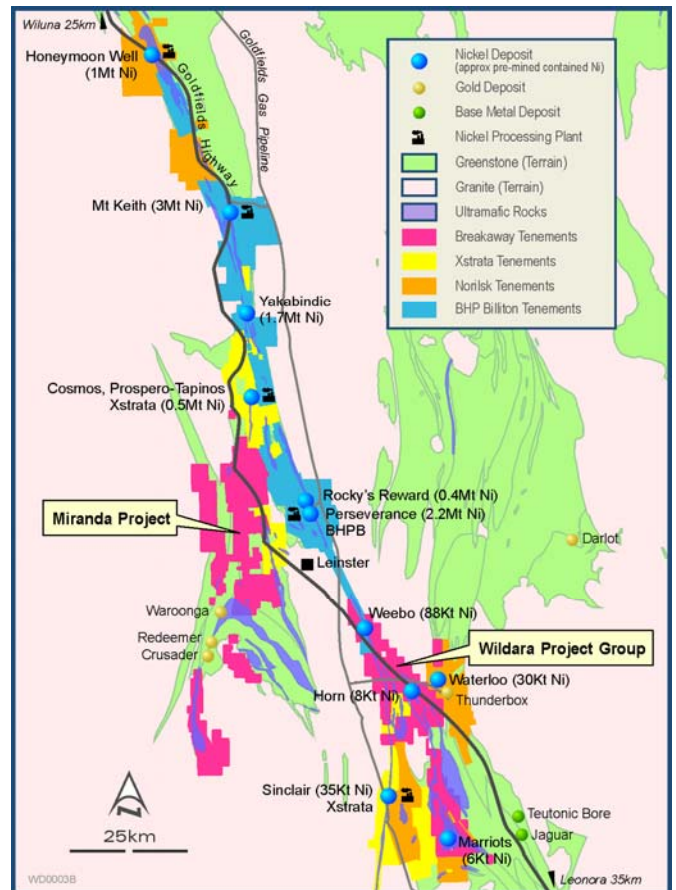


Figure 2: Comparative Landholdings, Leinster District

The Company successfully completed a fully underwritten Rights Issue, which raised \$3.6 million during the Quarter. The funds will underpin exploration activities on its Wildara and Miranda Projects as well as pursuing other opportunities to realise full value from Breakaway's extensive portfolio of nickel and base metal assets in Western Australia and Queensland.

The Company's cash position at the end of the Quarter was \$3.57 million.

CORPORATE ACTIVITIES

Rights Issue

As advised on 3 February 2010, Breakaway successfully completed a 1-for-3 non-renounceable Rights Issue during the Quarter. The Rights Issue was strongly supported with 67% of shares on offer taken up by eligible shareholders and the remaining 33% taken up by the Underwriters, Patersons Securities Limited. All Directors and Executive Management of the Company participated in full. Upon completion, an additional 59.8 million shares were issued bringing Breakaway's total issued capital to 239.3 million shares.

With an issue price of 6.0 cents per share, a total of approximately \$3.6 million (before costs) was raised and the funds will be directed towards:

- Drill testing of a number of priority nickel targets on the Wildara Project Group including the Revolution-Horn Trend, Fly Bore-Hill Top Trend, Firefly, Sinclair Trend, and Yillaree North;
- Development and refinement of drilling targets within the Miranda Project; and
- Pursuing other opportunities to realise full value from Breakaway's extensive portfolio of nickel and base metal assets in Western Australia and Queensland.

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), Breakaway's Wildara Project Group offers the best opportunity for the discovery of a stand-alone nickel deposit. Accordingly, the primary focus of the Company's exploration activities during the March Quarter was drill testing high-priority targets that lie within the Wildara Project Group.

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%.

During and subsequent to the Quarter, 19 Reverse Circulation holes (3,716 metres) were drilled as part of a larger 7,500-metre drilling programme, to test a number of priority nickel targets on the Wildara Project Group (Figure 3). The holes drilled to date have tested priority targets within the Revolution-Horn Trend (Figure 4). The targets variously consist of existing bedrock +1% nickel intercepts, nickel-copper regolith geochemical anomalies and surface geophysical (Moving Loop TEM – "MLTEM") conductors. All of the targets lie directly along strike from existing nickel mineralisation at both the Revolution Prospect and the **Horn Deposit** (JORC Code compliant Inferred Resource of 600,000 tonnes at 1.39% Ni and 0.30% Cu for 8,300 tonnes of contained nickel and 1,800 tonnes of contained copper).

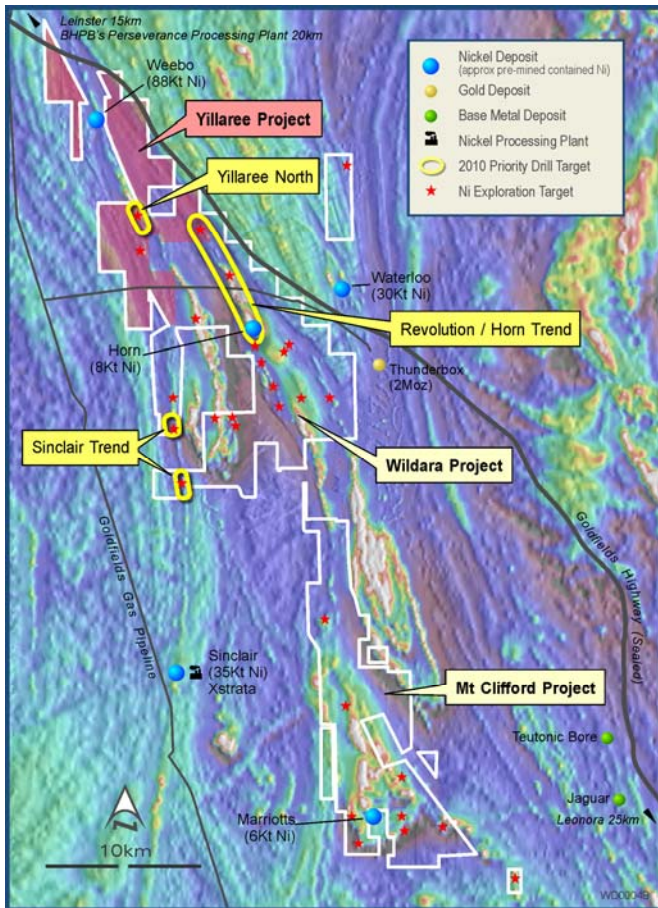


Figure 3: Wildara Project Group Priority Nickel Targets

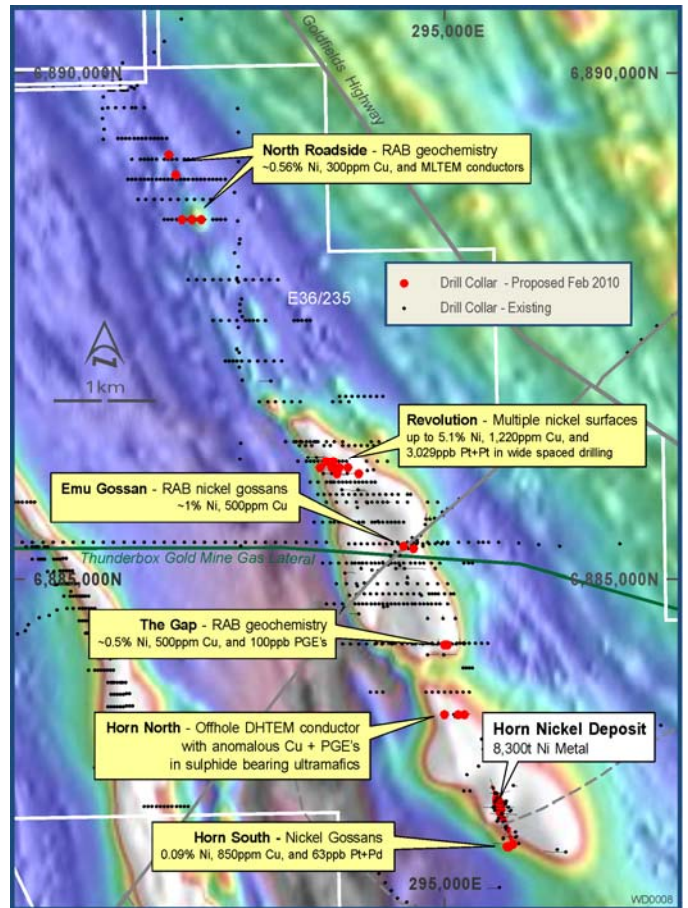


Figure 4: Revolution-Horn Trend

Drilling to date has intersected zones of disseminated and/or blebby sulphides within prospective high magnesium (high MgO) ultramafic stratigraphy. Broad, zones of lateritic nickel enrichment are also present within the weathered portions of the prospective ultramafics. To date, the following significant assay results have been received (see Table 1):

- 1.0 metre @ 0.67%Ni from 130 metres in 10BWDC0086
- 1.0 metre @ 0.64%Ni from 140 metres in 10BWDC0086
- 1.0 metre @ 0.55%Ni from 143 metres in 10BWDC0086
- 20.0 metres @ 0.59%Ni from 32 metres in 10BWDC0093 (4 metre composite samples)

The favourable stratigraphy, presence of sulphide-bearing high MgO rocks and limited drilling provides Breakaway with confidence that further exploration of Revolution-Horn Trend is warranted.

Following the Revolution-Horn Trend, the RC rig will move to the west to test a series of priority MLTEM targets located within ultramafic stratigraphy north along strike from the **Sinclair Nickel Deposit** (Xstrata). Following the Sinclair targets, the RC rig will then proceed to test geochemical and MLTEM targets in the vicinity of the **Weebo Nickel Deposit** (BHP Billiton).

The Weebo targets lie within the Yillaree Project where Breakaway's joint venture partner, Hampton Hill Mining (18.73%), is contributing to expenditure on a pro-rata basis.

Downhole TEM (DHTEM) surveying of selected drillholes will also take place during the June 2010 Quarter.

Miranda Project – (Breakaway 100% Nickel Rights)

Lying directly south along strike from Xstrata's **Cosmos Nickel Deposits** (+0.5Mt Ni metal), Miranda covers the southern extension of the Mt Goode Ultramafic Belt which hosts the Cosmos Deposits. At Miranda, Breakaway owns 100% of the nickel rights with Goldfields Australasia ("Goldfields") owning the gold rights.

Breakaway's exploration efforts at Miranda have been "kick-started" by the receipt of an extensive database of newly acquired drilling data from Goldfields. Concurrent with work being undertaken at Wildara, a review of the data has identified 23 new bedrock geochemical anomalies potentially indicative of nickel sulphide and/or nickel laterite mineralisation, 8 of which have been prioritised for field review and evaluation ahead of possible drill testing (Figure 5).

Significantly, all of the anomalies lie within favourable ultramafic stratigraphy with four anomalies lying along the southern extension of the Mt Goode Ultramafic Belt. Another anomaly occurs immediately adjacent to two MLTEM conductors obtained by Breakaway during 2008.

The ongoing work at Miranda increases the potential and value of this project and together with Wildara, will continue to be the focus of Breakaway's nickel activities.

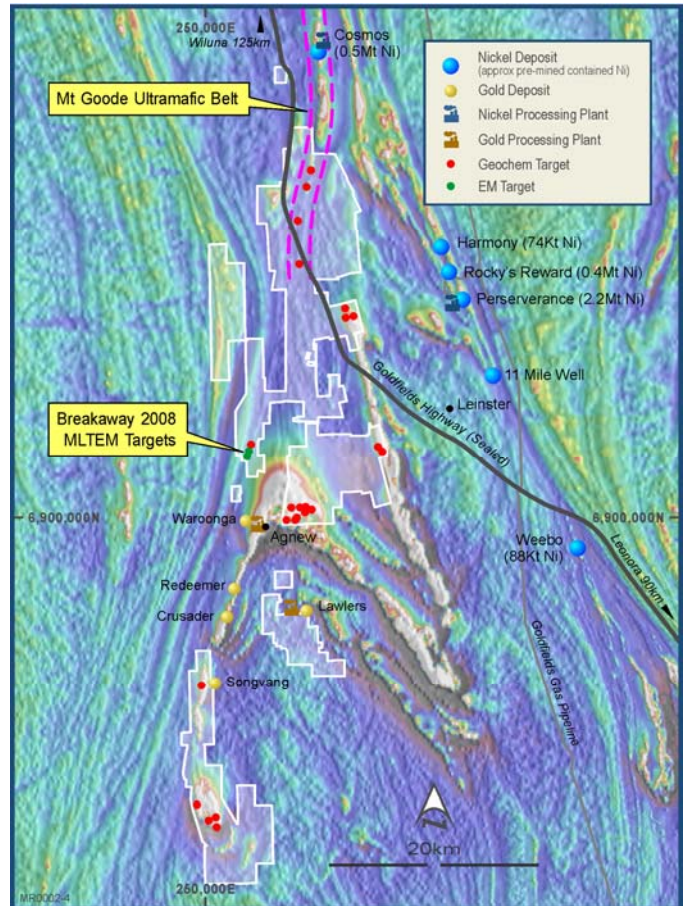


Figure 5: Miranda Project Bedrock Nickel Geochemical Anomalies

BASE METAL EXPLORATION ACTIVITIES – QUEENSLAND

Altia Joint Venture Project – BHP Billiton earning 70%

As announced on 11 November 2009, the Company entered into a Farmin and Joint Venture, termed the Altia Joint Venture Project ("Altia"), with BHP Billiton Minerals Pty Ltd (ASX: BHP – "BHP Billiton"), on the 100%-owned Eloise Regional Exploration Project, located 4 kilometres south west of the Eloise Copper Mine in the Cloncurry district of Queensland (Figures 6 and 7). The joint venture project covers an area of approximately 8km² and hosts the Altia Silver-Lead-Zinc Deposit where Breakaway has previously announced a JORC Code compliant Inferred Resource of 5.78Mt @ 40.3g/t silver, 3.96% lead and 0.49% zinc (7.5Moz of contained silver and 229Kt of contained lead).

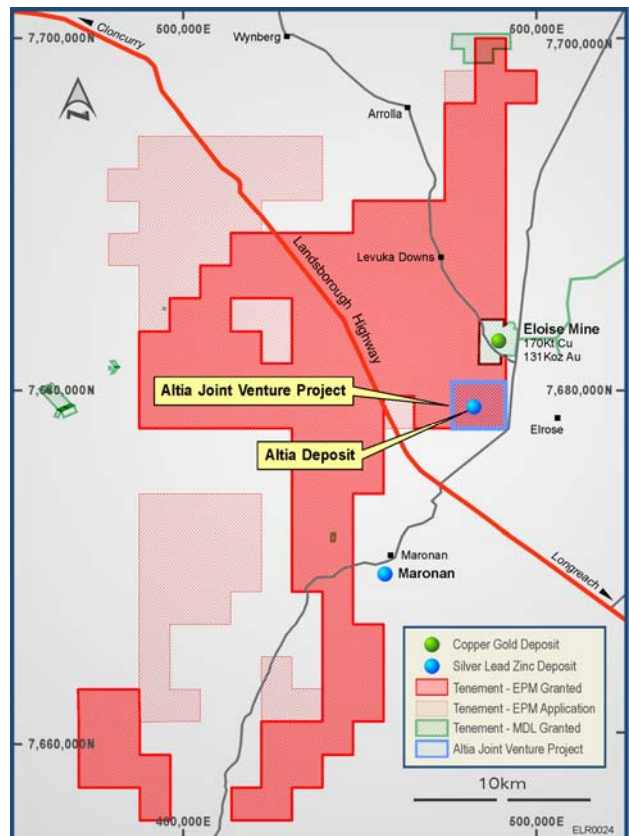
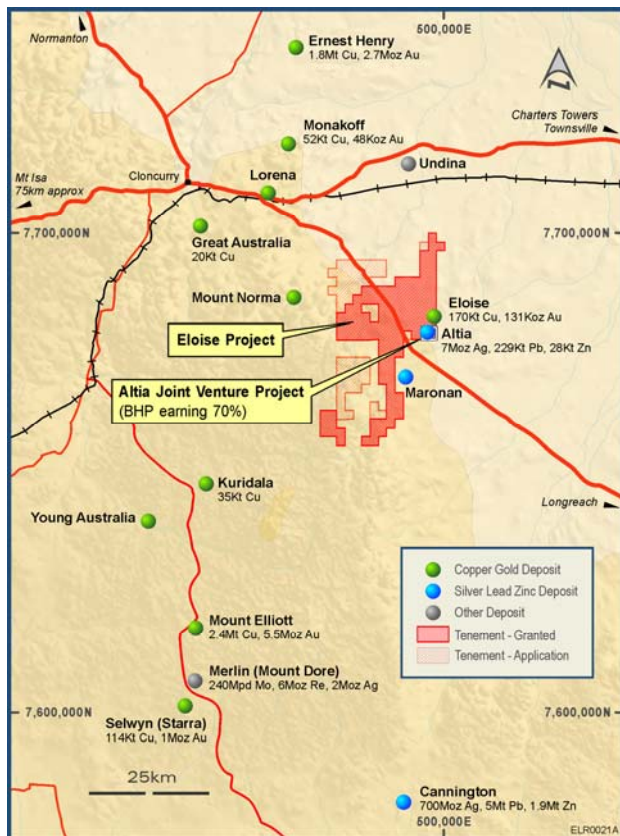


Figure 6: Eloise Regional Exploration Project Location Plan Figure 7: Altia Joint Venture Project Location Plan

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. BHP Billiton must spend a minimum of A\$1 million within the first year of the Joint Venture. On BHP Billiton reaching its 70% interest, Breakaway's 30% interest may be sold to BHP Billiton. If Breakaway elects not to sell its interest, it must contribute on a pro rata basis to the cost of ongoing exploration and a Bankable Feasibility Study. BHP Billiton retains a right to purchase Breakaway's 30% interest following completion of a Bankable Feasibility Study and before a decision to mine is taken.

The Joint Venture agreement is consistent with Breakaway's previously announced strategy of rationalising its extensive Australian minerals portfolio to focus on its core nickel sulphide exploration projects in Western Australia, while at the same time ensuring that expenditure is secured to progress high-potential assets such as Altia.

BHP Billiton are planning to commence a diamond drilling programme of approximately 5,000 metres in mid to late May 2010 targeting potential down-dip and along strike extensions to existing silver-lead-zinc mineralisation at Altia. The drilling will also test the interpreted steeply dipping Dingo trend which lies immediately east of Altia and where historical drilling has intersected zones of bedrock zinc anomalism (i.e. 44 metres @ 0.2%Zn from 94 metres in VOP006 - Figure 8). The drilling will also test for a recumbent isoclinal fold system of the Altia and Dingo trends.

During the Quarter, representatives from the local Native Title Claimant group cleared 10 drill sites in preparation for the upcoming drilling.

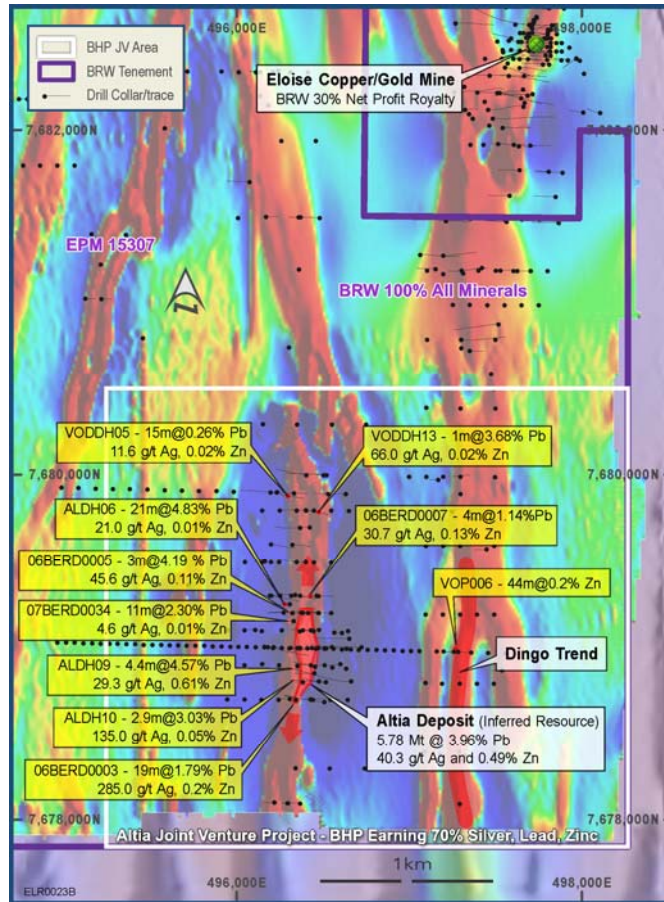


Figure 8: Altia Joint Venture Project Area showing Altia Deposit and Exploration Potential

OTHER PROJECTS

Eloise Copper Mine – (Breakaway 30% Net Profit Interest)

During the Quarter, the mine's owner, FMR Investments Pty Ltd (FMR), advised that a Sale Process for the Eloise Copper Mine had commenced and Breakaway awaits the outcome of this process.

PROJECT DIVESTMENT

Consistent with Breakaway's strategy of rationalising its exploration portfolio to enable it to focus on its core nickel sulphide exploration projects, discussions have commenced with prospective parties for the divestment of selected non-priority assets.

OUTLOOK

The primary focus of activity for the June Quarter will be the completion of the Wildara RC drilling programme and the continued development and refinement of the Miranda Project targets. Additionally the Company looks forward to the commencement of an aggressive drilling programme on the Altia Joint Venture Project by BHP Billiton and the continuing progress of its divestment programme. The Company looks forward to informing the market of progress on each activity.

DAVID HUTTON
Chief Executive Officer

Table 1. Wildara Project Group RC Drilling Intercepts and Collar Details (reported using a 0.5% Ni lower cut off)

Hole ID	Northing	Easting	Dip°	Azimuth Mag°	From	Downhole Width	Ni%
10BWDC0081	6888560	292600	-60	90			NSA
10BWDC0082	6888560	292465	-60	90			NSA
10BWDC0083	6888560	292415	-60	90			NSA
10BWDC0084	6889000	292351	-60	90			NSA
10BWDC0085	6886043	294154	-60	90			NSA
10BWDC0086	6886039	293942	-60	90	130	1.0	0.67
"	"	"	"	"	140	1.0	0.64
"	"	"	"	"	143	1.0	0.55
10BWDC0087	6886100	294050	-60	90			NSA
10BWDC0088	6886100	293965	-60	90			NSA
10BWDC0089	6886100	293890	-60	90			NSA
10BWDC0090	6886100	293750	-60	90			NSA
10BWDC0091	6886150	293910	-60	90			NSA
10BWDC0092	6886150	293840	-60	90			NSA
10BWDC0093	6884350	295000	-60	90	32	20.0	0.59
10BWDC0094	6883650	295140	-60	90			NSA
10BWDC0095	6883650	295140	-60	90	Assays Awaited		
10BWDC0096	6882350	295645	-60	90	Assays Awaited		
10BWDC0097	6882350	295620	-60	90	Assays Awaited		
10BWDC0098	6882400	295674	-60	270	Assays Awaited		
10BWDC0099	6882400	295674	-75	270	Assays Awaited		

Calculation of Drill Hole Results:

All Reverse Circulation 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 at Genalysis Laboratory Services Pty Ltd's Kalgoorlie Sample Preparation facility using a single stage mix and grind technique. Nickel analysis (1ppm detection limit) was carried out at Genalysis' Perth laboratory by subjecting a 50-gram portion of the sample to a four acid digest and analysing the sample by Inductively Coupled Plasma Optical Emission Spectrometry (ICPOES).

The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy and using the MGA datum (Zone 51). End of hole surveys were obtained using an Eastman single shot survey camera.

ENDS

For Further Information Contact:

Mr David Hutton, Chief Executive Officer
Mr John Atkins, Chairman

Mobile: 0417 974 843
Mobile: 0419 767 573

Business: (08) 9278 6444
Business: (08) 9323 8563

Breakaway Resources Limited
ABN 16 061 595 051

Address: Level 2, 23 Ventnor Avenue, West Perth WA 6005
Phone: (08) 9278 6444
Fax: (08) 9278 6449
Email: admin@breakawayresources.com.au
Web: www.breakawayresources.com.au

Competent Persons Statement:

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by David Hutton who is a Member of The Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy (AusIMM). David Hutton is a fulltime employee of Breakaway Resources Limited 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 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. David Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.