



Activity Report for the Quarter Ended 30 June 2010

Nickel Exploration – Western Australia

- Maintaining Leinster District focus.
- 3,170 metres drilled during the Quarter to complete 7,583 metre Reverse Circulation drilling programme testing priority targets at Wildara Project.
- Wildara drilling reinforces prospectivity of Roadside Ultramafic Belt (host to Horn Nickel Deposit and Revolution nickel prospect) and extends known distribution of fertile ultramafic host rocks.
- New downhole EM conductors generated at Wildara immediately south of Horn Nickel Deposit and Sinclair Trend North target.
- Target generation exercise underway at Wildara focusing on the prospective Roadside Ultramafic Belt.
- Preparations underway for forthcoming surface EM survey at Miranda Project testing interpreted southern extension of the nickel-endowed Mt Goode Ultramafic Belt (host to high grade Cosmos nickel deposits).

Base Metal Exploration – Queensland

- BHP Billiton diamond drilling programme underway at the Altia Silver-Lead-Zinc Deposit.
- First drill hole intersected weakly mineralised Altia Banded Iron Formation (BIF) host units approximately 800 metres down plunge of existing Resource.
- Drilling continuing to test both Altia and parallel mineralised trends.

Divestments

- PCF Capital Group appointed to assist with seeking expressions of interest for the divestment of the Scotia and Kambalda West Projects.

Cash Position

- The Company's cash position at the end of the June 2010 Quarter was \$2.45 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 of no less than 30Kt Ni metal @ 3% Ni (in Reserve) remains unchanged. Accordingly, the Company's future exploration activities will be 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*).



Figure 1: Breakaway Project Locations

During the Quarter, the Company completed 3,170 metres of Reverse Circulation drilling to test a number of priority nickel targets on the Wildara Project Group, 30 kilometres south of Leinster, Western Australia. Concurrent with this work, Breakaway has commenced preparation for a ground-based electromagnetic (EM) survey at the Miranda Project. The Wildara drilling was part of a larger 7,583-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 during the Quarter BHP Billiton commenced an aggressive drilling programme to test for potential extensions to the Altia deposit.

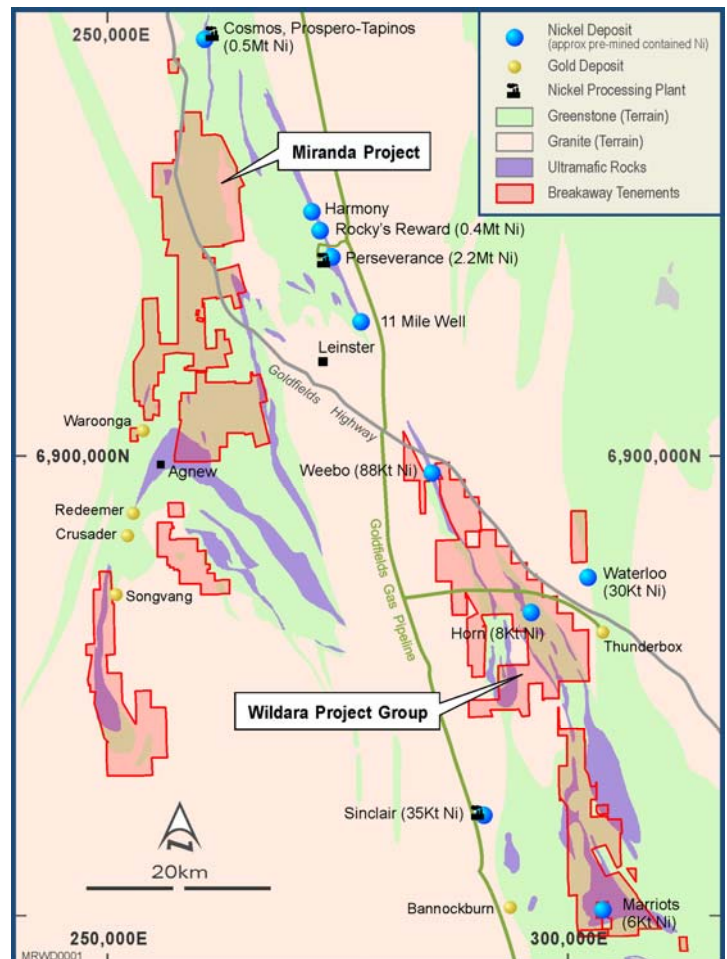


Figure 2: Leinster District Project Location Plan

The Company's cash position at the end of the Quarter was \$2.45 million.

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 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.

During the Quarter, the Company drilled 17 Reverse Circulation holes (3,170 metres) to complete a 39 hole (7,583 metres) drilling programme testing priority targets throughout the Wildara Project. The programme tested targets identified by previous drilling, electromagnetic (EM) surveys and surface geochemical surveys within the Roadside, Weebo and Sinclair Ultramafic Belts (*see Figure 3*).

Roadside Ultramafic Belt Drilling

The Roadside Ultramafic Belt is the interpreted southern extension of the Perseverance Ultramafic Belt which hosts the world-class Leinster nickel deposits and extends from the **Revolution** nickel prospect in the north to the **Horn Nickel Deposit** (Inferred Resource of 600,000t @ 1.39% Ni and 0.30% Cu containing 8,300t of nickel and 1,800t of copper) in the centre, and further south to the historic Fly Bore and Hilltop Gossan localities (*see Figure 4*).

At **Revolution** the drilling intersected zones of weak disseminated sulphides developed internally within the high magnesium (high MgO) ultramafics of the Roadside Ultramafic Belt. Drilling to further test thin zones of historic high grade mineralisation along the eastern margin of the prospect ("footwall mineralisation") intersected structurally intercalated zones of sedimentary and ultramafic rock types. Apart from some copper anomolism (ie 10BWDC0092 – 4 metres @ 498ppm Cu from 172 metres), no additional nickel sulphide mineralisation was intersected in this zone. Where drilled, broad zones of lateritic nickel enrichment are also developed within the weathered portions of the prospective ultramafics.

The following significant assay results have been previously reported (*also 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 intersections in 10BWDC0086 occur approximately 80-90 metres up-dip of an historic disseminated sulphide intersection (ie 12 metres @ 0.97%Ni in LWDD809). Drilling 50 metres to the north also intersected the internal desiminated zone, however only two thin anomalous zones were returned (ie 1 metre @ 0.3% Ni, 190ppm Cu, and 131ppb PGE from 136 metres and 1 metre @ 0.3%Ni, 192ppm Cu, and 101ppb PGE from 139 metres in 10BWDC0089).

The intersection in 10BWDC0093 represents a zone of lateritic enrichment developed over a prospective high MgO ultramafic unit, approximately 2 kilometres south of the previous intersections. Weak nickel anomolism (ie 4 metres @ 0.3% Ni, 218ppm Cu and 9ppb PGE from 96 metres) is also present downhole of the laterite zone and is potentially indicative of primary nickel sulphides.

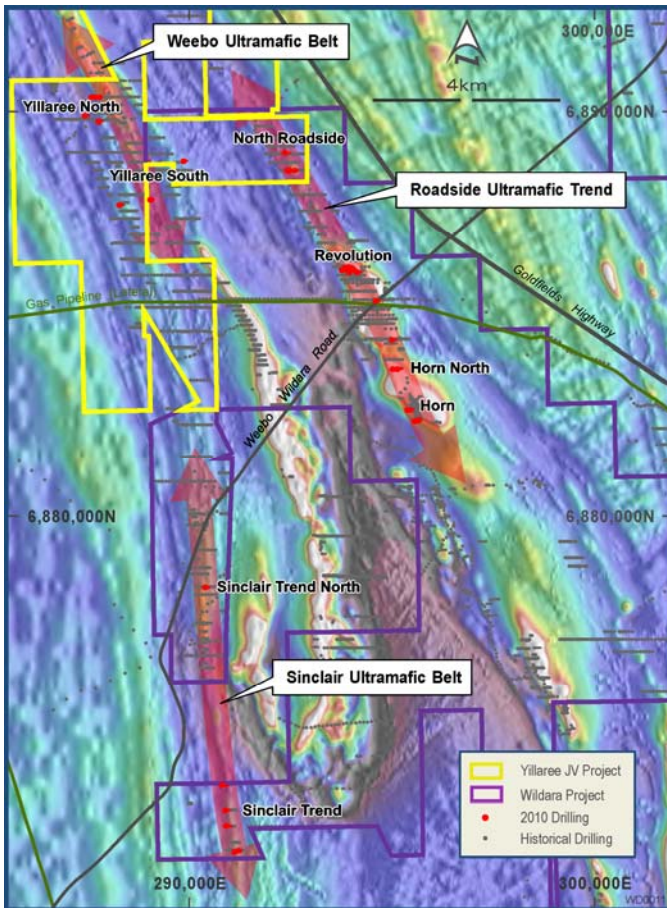


Figure 3: Wildara Project Group Drilling Location Plan

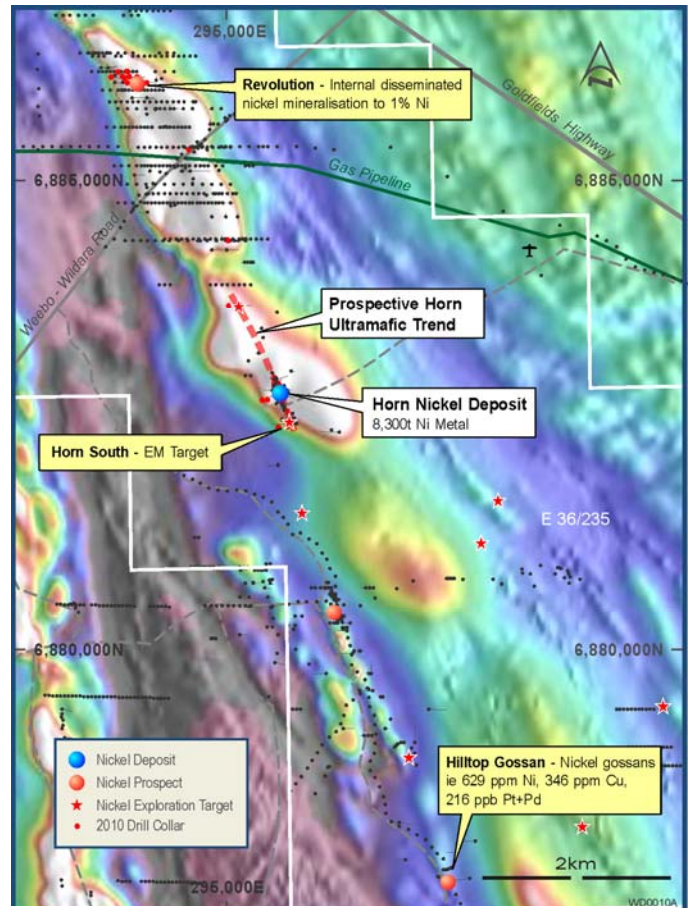


Figure 4: Roadside Ultramafic Belt and Target Locations

Drilling along strike from the **Horn Nickel Deposit** has successfully extended the distribution of the prospective ultramafic host unit by up to 800 metres to the north and 100 metres to the south of the deposit. Significantly the prospective ultramafic remains open both along strike and laterally. Downhole EM surveying of the southern most drillhole at the Horn (10BWDC0099) has identified a new offhole conductor that requires further evaluation and possible drill testing.

The drilling reinforces the nickel sulphide prospectivity of the Roadside Ultramafic Belt particularly in the vicinity of the Revolution prospect and the Horn Deposit. The presence of nickel anomalism and mineralisation within high MgO ultramafic stratigraphy at both locations is significant as it demonstrates that processes necessary for the formation of nickel sulphide mineralisation have occurred. Given the presence of nickel sulphide mineralisation, a degree of structural and stratigraphic complexity coupled with the relatively sparse nature of drilling throughout the area, the Revolution-Horn Trend and the broader Roadside Ultramafic Belt remain highly prospective for nickel and further work will be focused on this Belt.

Sinclair Ultramafic Belt Drilling

Twelve kilometres north of the **Sinclair Nickel Deposit** (Xstrata), Breakaway's tenements hold a significant strike extent of the prospective ultramafic host unit. The recent drill programme tested a number of discrete surface EM conductors interpreted to be associated with the ultramafic unit in two areas (see Figure 3). With the exception of the northern most drillhole (10BWDC0106 - Sinclair Trend North), all of the EM conductors were shown to be barren sulphidic black shales present within the hanging wall (western side) of a moderately high MgO ultramafic unit.

10BWDC0106 was drilled to test two discrete EM conductors interpreted to lie either side of the prospective ultramafic unit. While the western conductor was shown to be barren sulphidic black shales (consistent with the drilling to the south), the eastern conductor was not intersected by the drilling and as such, remains untested. Subsequent downhole EM surveying has confirmed the presence of a strong off hole conductor within close proximity to the hole to the north, which remains a priority for future drill testing

Weebo Ultramafic Belt Drilling (Breakaway 81.27% / Hampton Hill 18.73%)

Nickel-copper geochemical anomalism previously intersected by shallow drilling of the Weebo Ultramafic Belt, host to the **Weebo Nickel Deposit** (BHP Billiton) which is adjacent to the Breakaway tenement boundary, was tested by eight drill-holes (Yillaree North and South – see *Figure 3*). No corresponding primary nickel sulphide mineralisation was found associated with the geochemical anomaly. A number of surface EM conductors close to the ultramafic units were also tested with all but one explained by barren sulphidic black shales, and the other explained by significant water intersected in a fractured quartz vein within the granite terrain.

Wildara Project Target Generation

To build on the results of the drilling programme and to determine priority targets for future exploration, the Company has commissioned a programme of inversion modelling of aeromagnetic data and three-dimensional (3D) integration of all geological data for prospective areas within its Wildara Project Group. Initially, this modelling will primarily be undertaken over a priority 16 kilometre strike length of the Roadside Ultramafic Belt.

Integration of the 3D inversion modelling with all other available data for this area including all drilling, EM coverage and known EM conductor plates will enable further targeting within the belt. This is the first time that 3D inversion modelling has been utilised in this belt and the Company is optimistic that it will greatly assist the search for nickel sulphides at Wildara.

Miranda Project – (Breakaway 100% Nickel Rights)

Lying directly south along strike from Xstrata's **Cosmos Nickel Deposits** (+0.5Mt Ni metal), Miranda covers the interpreted 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.

During the Quarter, Breakaway commenced preparations for a ground-based electromagnetic (EM) survey to commence in late July 2010 (subject to crew availability) over the interpreted southern extension of the highly prospective Mt Goode Ultramafic Belt.

The recent receipt and analysis of historic drilling data from Goldfields Australia Pty Ltd (holder of the project's Gold Rights) has enabled Breakaway to refine its understanding of the prospective stratigraphy within its tenements and the Company believes that a detailed EM survey is the most effective way of generating discrete drill targets.

The EM survey will cover between 6-7 strike kilometres and will take approximately four weeks to complete. It will provide detailed EM coverage of the southern end of the Mt Goode Ultramafic Belt for the first time. This area has been only lightly covered with historic RAB and Aircore drilling mainly targeting gold. Significantly results from the historic drilling (eg 40 metres @ 0.39% Ni from 36 metres including 18 metres @ 0.45% Ni from 42 metres in PL_10_23 drilled by Australian Selection Pty Ltd in 1976) reinforces the nickel prospectivity of the ultramafic rocks within the area (see Figure 5).

Additionally, the Company has identified and previously announced eight priority targets at Miranda, including untested EM conductors in the northern part of the project and targets displaying favourable nickel-copper bedrock geochemistry.

The Company has decided to focus on the southern 6 kilometres of the 12 kilometres strike length of the Mt Goode ultramafic within its tenements for a number of geological and strategic reasons. The area of focus lies immediately along strike from a 2005 EM survey completed by Breakaway, and covers a poorly tested, interpreted structural offset of the Mt Goode ultramafic and lies outside a Heritage buffer zone associated with Lake Miranda .

The absence of EM coverage over the target combined with Breakaway's enhanced understanding of the structural geology and information gathered from the Goldfields drilling makes this a highly fertile target zone for the discovery of new nickel sulphide mineralisation.

The Company is looking forward to receiving the results of the Miranda EM survey and progressing towards a possible drilling programme in the second half of 2010.

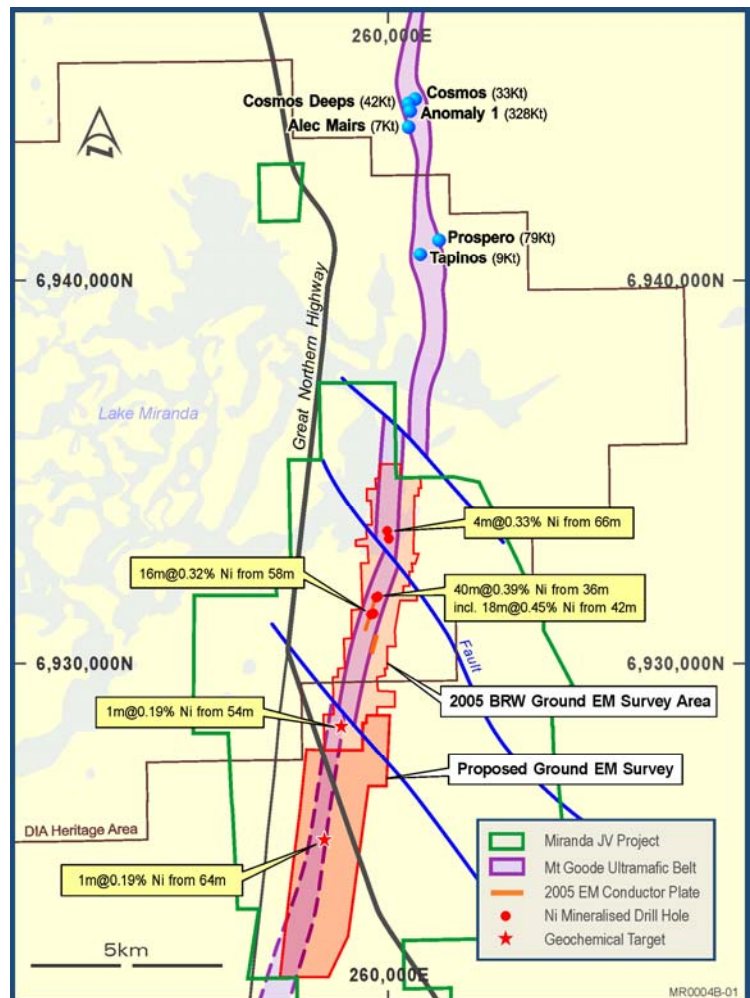


Figure 5: Miranda Project showing Location of Mt Goode Ultramafic Belt and Planned EM Survey

BASE METAL EXPLORATION ACTIVITIES – QUEENSLAND

Altia Joint Venture Project – BHP Billiton earning 70%

As announced on 11 November 2009, the Company has previously entered into a Farmin and Joint Venture, termed the Altia Joint Venture Project 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 (see *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).

Mineralisation at Altia is hosted by a series of parallel, east-dipping pyroxmangite-altered Banded Iron Formation (“BIF”) units which have been sparsely drilled over approximately 2,000 metre strike length. Within the Inferred Resource, mineralisation has been drilled on nominal 100 x 50 metre centres over 500 metres strike length to a vertical depth of 350 metres.

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 by 11 November 2010. 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.

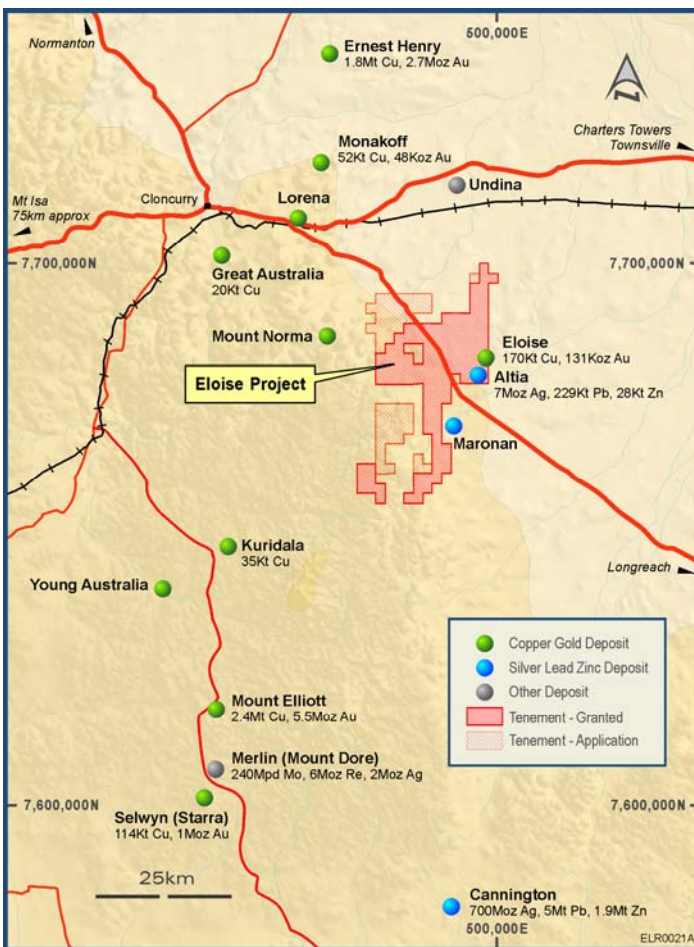


Figure 6: Eloise Regional Project Location Plan

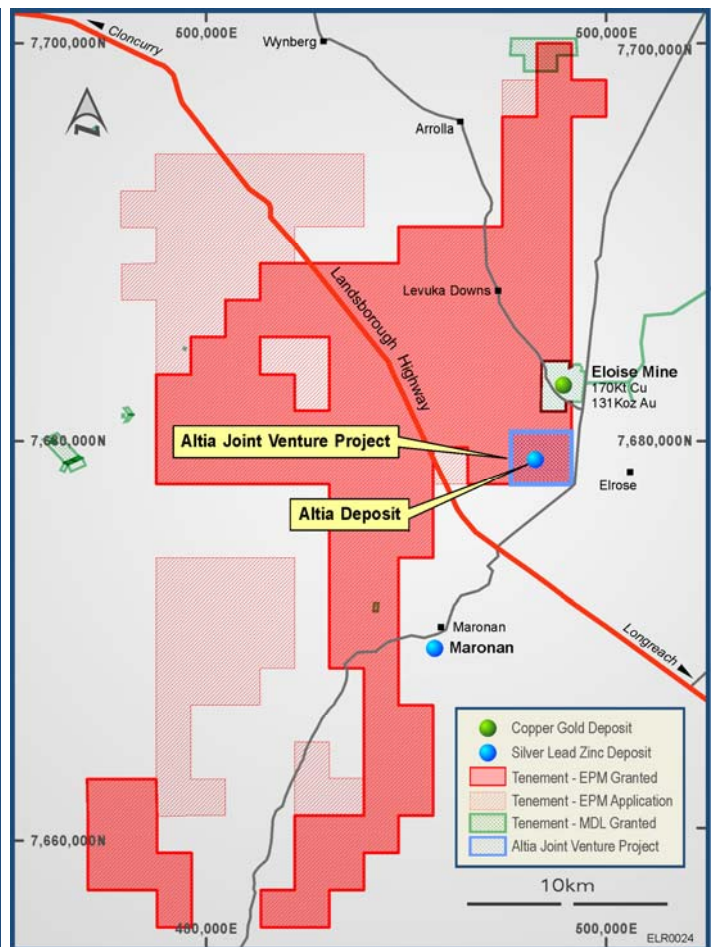


Figure 7: Altia Joint Venture Project Location Plan

During the Quarter, BHP Billiton commenced a **5,000 metre diamond drilling programme** targeting down-dip and along-strike extensions to the Altia Deposit.

Hole ADD10_09 was drilled to a depth of 1,261.30 metres targeting a synformal fold hinge interpreted to lie between the Altia Deposit and parallel Dingo Trend (see Figure 8). Whilst excessive “lifting” of the hole prevented it from intersecting the targeted fold hinge position, the hole successfully intersected the Altia BIF host units approximately 800 metres down plunge of the existing Altia Deposit boundary (see Figure 9).

A summary of the BIF unit downhole intersection depths is given below:

- 1,091.20 – 1,091.60 metres
- 1,094.30 – 1,096.45 metres
- 1,125.30 – 1,130.00 metres
- 1,132.00 – 1,147.30 metres
- 1,195.90 – 1,198.60 metres
- 1,217.85 – 1,222.85 metres

The BIF units are dominantly magnetite, haematite and garnet rich with some patchy pyroxmangite alteration throughout. While assays are awaited, visual inspection of the drill core suggest that only minor amounts of galena (lead sulphide) and sphalerite (zinc sulphide) mineralisation are present within the BIF units. At the time of writing, geological logging and interpreting of ADD10_09 was continuing and a second drill hole - ADD10_05, testing the parallel mineralised Dingo Trend was underway.

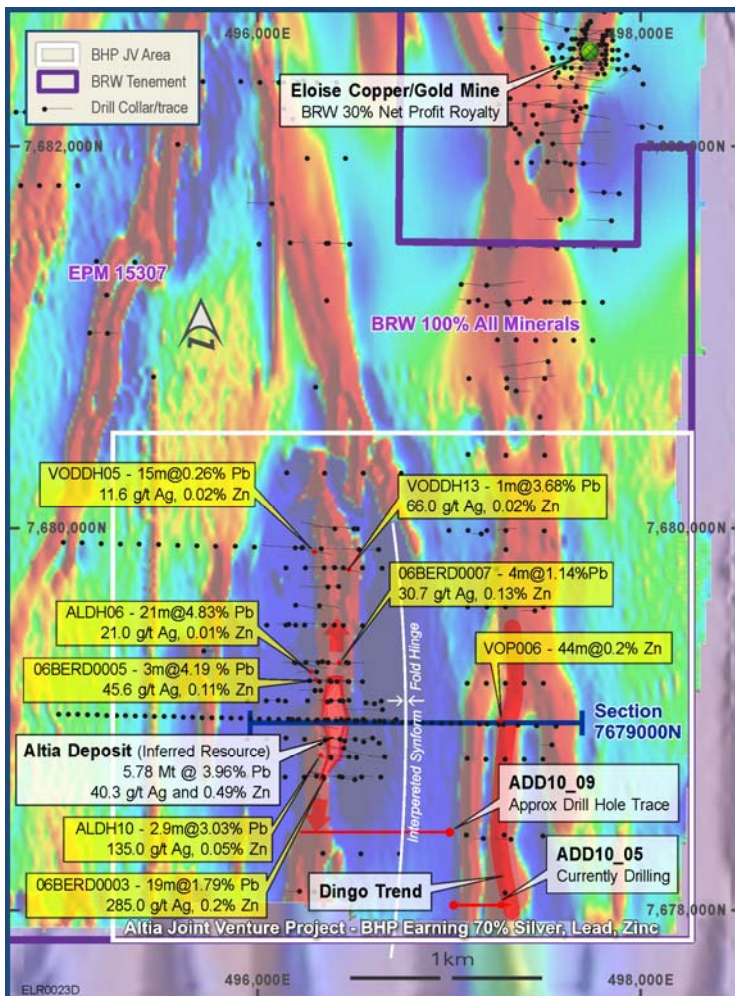


Figure 8: Altia Deposit Drill Hole Location Plan

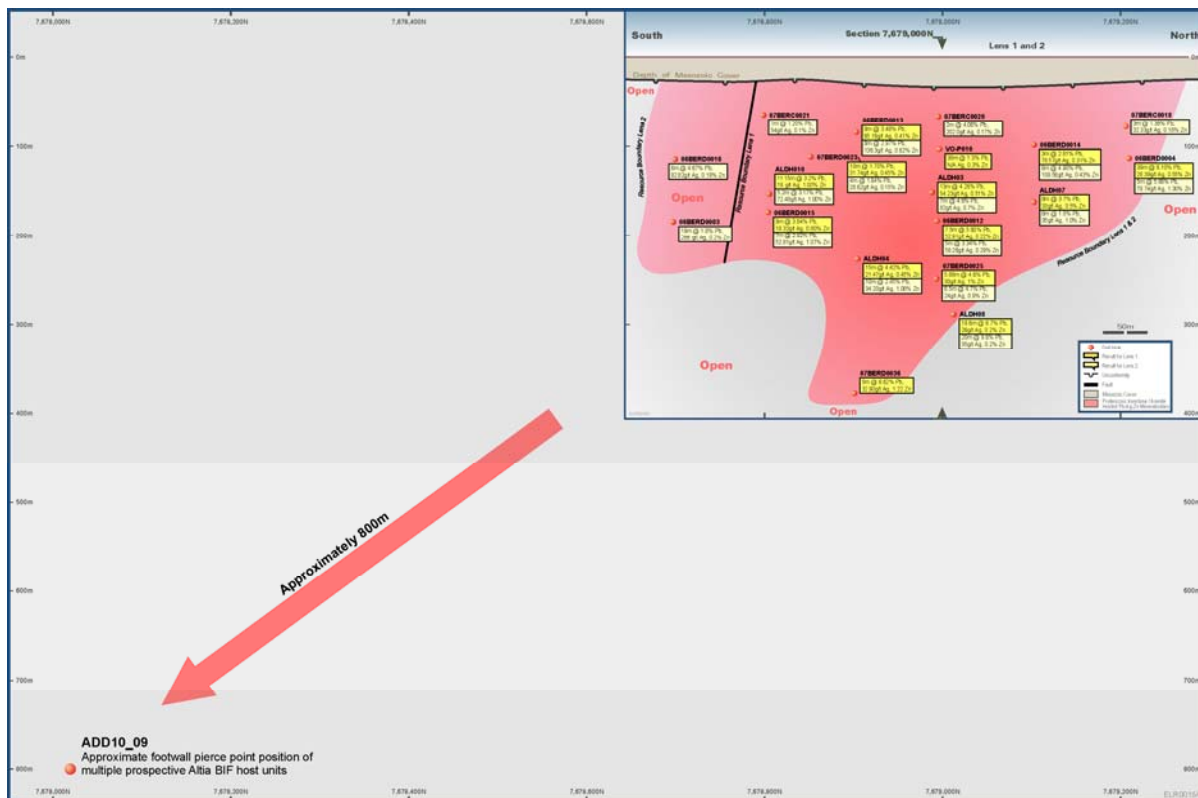


Figure 9: Altia Deposit Long Section and Approximate Position of Altia BIF Units Intersected in ADD10-09

OTHER PROJECTS

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

The mine's owner, FMR Investments Pty Ltd (FMR), continue to examine the feasibility of reopening the Eloise Copper Mine and Breakaway awaits the outcome of this process.

PROJECT DIVESTMENT

During the Quarter, the Company appointed PCF Capital Group to assist with seeking expressions of interest for the divestment of the Scotia and Kambalda West Projects.

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 September Quarter will be the completion of the Wildara target generation exercise, the Miranda EM survey, and continuation of the Altia diamond drilling programme. 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. 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	292599	-60	90			NSA
10BWDC0082	6888558	292466	-60	90			NSA
10BWDC0083	6888560	292417	-60	90			NSA
10BWDC0084	6888999	292352	-60	90			NSA
10BWDC0085	6886034	294151	-60	90			NSA
10BWDC0086	6886035	293942	-60	90	130	1.0	0.67
"	"	"	"	"	140	1.0	0.64
"	"	"	"	"	143	1.0	0.55
10BWDC0087	6886099	294049	-60	90			NSA
10BWDC0088	6886101	293965	-60	90			NSA
10BWDC0089	6886100	293892	-60	90			NSA
10BWDC0090	6886097	293773	-60	90			NSA
10BWDC0091	6886158	293942	-60	90			NSA
10BWDC0092	6886154	293843	-60	90			NSA
10BWDC0093	6884356	295014	-60	90	32	20.0	0.59
10BWDC0094	6883660	295139	-60	90			NSA
10BWDC0095	6883658	295021	-60	90			NSA
10BWDC0096	6882364	295646	-60	90			NSA
10BWDC0097	6882364	295643	-85	90			NSA
10BWDC0098	6882393	295670	-60	270			NSA
10BWDC0099	6882393	295671	-75	270			NSA
10BWDC0100	6882644	295383	-60	90			NSA
10BWDC0101	6882646	295438	-60	90			NSA
10BWDC0102	6872758	290888	-60	90			NSA
10BWDC0103	6873359	290821	-60	90			NSA
10BWDC0104	6872367	290921	-60	270			NSA
10BWDC0105	6871760	291228	-60	90			NSA
10BWDC0106	6878251	290397	-60	90			NSA
10BWDC0107	6890357	287786	-60	90			NSA
10BWDC0108	6890357	287680	-60	90			NSA
10BWDC0109	6890358	287590	-60	90			NSA
10BWDC0110	6889909	287431	-60	90			NSA
10BWDC0111	6889765	287763	-60	90			NSA
10BWDC0112	6888799	289862	-60	90			NSA
10BWDC0113	6887846	289039	-60	90			NSA
10BWDC0114	6887715	288278	-60	90			NSA
10BWDC0115	6885322	294600	-60	90			NSA
10BWDC0116	6886087	293914	-60	45			NSA
10BWDC0117	6882348	295555	-80	90			NSA
10BWDC0118	6882348	295553	-80	90			NSA
10BWDC0119	6871715	291112	-60	90			NSA

Note on the Wildara Drill Hole Results:

1. 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).
2. Significant results shown in Table 1 of this report are calculated using a 0.5%Ni lower cut off.
3. Anomalous results quoted throughout the body of this report are calculated without using a lower cut off and are determined on the basis of their interpreted geological significance
4. 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.

Table 2. Altia Joint Venture Project Collar Details (reported using a 0.5% Ni lower cut off)

Hole ID	Northing	Easting	Dip°	Azimuth Mag°
ADD10_09	7678400	497000	-60	263
ADD10_05	7678000	497035	-80	83

Note on the Altia Drill Holes:

1. The location of drill holes 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 (+30kt Ni metal at 3% Ni) and maximisation of shareholder wealth for non-priority assets.