breakaway

Annual Report **2009**

Corporate Directory

DIRECTORS

John Atkins	Non-Executive Chairman
Jon Young	Non-Executive Director
Garry Connell	Non-Executive Director
Jeff Gresham	Non-Executive Director

MANAGEMENT

David Hutton	Chief Executive Officer
Trevor Hart	Company Secretary & CFO

REGISTERED & PRINCIPAL OFFICE

Level 2, 23 Ventnor Avenue
West Perth WA 6005
Phone: +61 8 9278 6444
Facsimile: +61 8 9278 6449
E-mail: admin@breakawayresources.com.au
Website: www.breakawayresources.com.au

SECURITIES EXCHANGE

Australian Securities Exchange Ltd
2 The Esplanade
Perth WA 6000
ASX Code: BRW

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth WA 6000
Phone: +61 8 9323 2000
Facsimile: +61 8 9323 2033
Website: www.computershare.com.au

AUDITORS

PKF Chartered Accountants & Business Advisers
Level 7, BGC Centre
28 The Esplanade
Perth WA 6000
Phone: +61 8 9278 2222
Facsimile: +61 8 9278 2200
Website: www.pkf.com.au

LEGAL ADVISERS

Napier Legal Pty Ltd
21/589 Stirling Highway
Cottesloe WA 6011
Phone: +61 8 6365 5113
Facsimile: +61 8 6365 5116
Website: www.napierlegal.com.au

Contents

Chairman's Report

DEAR SHAREHOLDERS,

The 2009 financial year was without doubt one of the most volatile seen in recent times, punctuated by the cataclysmic events of the Global Financial Crisis and the equally remarkable recovery in world financial markets which has unfolded since March.

Your Company responded quickly to the worsening global economic environment by temporarily suspending all high-cost activities including drilling, rationalising our project portfolio and introducing a number of economies across our business.

This process was managed with great skill during the year, resulting in a substantial reduction in our monthly cash burn enabling us to retain cash reserves of $3.1 million at the end of the financial year. Importantly, however, at the same time we were able to maintain the integrity of our high quality asset base and the core of our highly skilled geological team.

To ensure that our resources were effectively deployed and administrative costs minimised, Breakaway rationalised or restructured its involvement with several projects. We withdrew from the Kalgoorlie Nickel Project – where we were in a joint venture to earn a 60% interest in the nickel rights. We also made major reductions to our large East Kimberley Joint Venture area which resulted in our Area of Interest in the East Kimberley being restricted to the Keller Creek Nickel Prospect, while our 60% interest in the other tenements was transferred to our Joint Venture partner, Thundelarra Exploration Limited.

In addition, the gold farm-in agreement with Barra Resources Limited covering the gold rights to part of the West Kambalda Project at the Spargos Reward Gold Target was terminated, and the Company sold its earn-in rights for the Mt Finnerty Nickel Joint Venture to Reed Resources Ltd for a consideration comprising 500,000 unescrowed Reed Resources shares.

Our Eloise tenement portfolio, which includes the exciting Altia Lead-Silver Deposit, also has a quality pipeline of exploration targets for a range of commodities including copper, gold and uranium. The Board and management are continuing to assess the optimum strategy to progress exploration and realise value from this asset for shareholders. Our Altia Lead-Silver Deposit offers exciting potential and this is also receiving careful consideration from the Board.

GOLD & NICKEL EXPLORATION

During the year we stepped back and reassessed our project portfolio in Western Australia and Queensland. This valuable exercise enabled us to prioritise our projects into Tier 1, 2 and 3 opportunities in terms of their prospectivity, scale and required exploration spend. It has also served to underline the quality of Breakaway's asset base and the enormous upside potential for increases in shareholder value as these assets are brought to account.

As a result of this review, we announced a new gold exploration initiative which was focused on short-term opportunities to drive shareholder value. This initiative was based initially on the Spargos Reward Gold Target, 25 kilometres south west of Kambalda, and the Scotia Gold Target, 70 kilometres northwest of Kalgoorlie. Both projects offer significant discovery upside and are located within major, regionally endowed gold corridors.

An initial drilling programme at Spargos Reward returned encouraging near-surface intercepts immediately adjacent to the historical open pit and underground mine workings – where approximately 30,000 ounces was extracted.

These results have confirmed that Spargos Reward represents an extensive gold system offering significant potential upside from ongoing exploration. The focus of ongoing exploration is likely to be on re-assessing the potential for a commercially-viable down plunge extension to the existing mine workings and along strike continuations of the gold system.

At the time of writing this report, results were awaited from drilling undertaken at the Scotia Gold Target, which is located within the prolific Bardoc Shear Zone some 20 kilometres north of the +5.0Moz Paddington Gold Mine. Very little effective gold exploration has been conducted in this area over the past decade despite the presence of three strong surface geochemical anomalies and several significant historical gold intercepts.

While these gold assets remain very attractive opportunities for the Company, the Board's view is that our extensive nickel sulphide portfolio in Western Australia remains the jewel in the crown of our asset base. Our core corporate objective remains to discover a high quality nickel resource base of at least 30,000 tonnes of contained nickel metal at an average grade of +3% Ni.

For a junior exploration company, Breakaway offers a range and depth of quality exploration projects in Western Australia's premier nickel exploration province which we believe is unparalleled in Australia. For this reason, we are very confident about the future of the Company as we strive to bring these projects to account – either in our own right or in partnership with other companies.

The strategic project review completed during the year confirmed that we have several high priority nickel exploration opportunities in the Kambalda region and Northeastern Goldfields. These include the 1A Nickel Project at Kambalda, where we estimated a JORC Code compliant Inferred Resource during the year of 142,000 tonnes at 2.0% Ni (2,900t of contained nickel) for extensions to the mining depleted portions of the 1A Deposit, the Saints Nickel Target (part of the Scotia Project) and the Horn-Revolution Trend at our Wildara Project.

We are currently working very hard to unlock the value of these quality assets, and I look forward to reporting on our progress in this regard over the coming months.

Turning briefly to the Eloise Copper Mine in Queensland, where we hold a 30% net profit interest, the mine's owner, FMR Investments Pty Ltd, placed the mine on care and maintenance during the year as a result of the sharp falls in the copper price. Given the significant capital improvements and enhancements to its resource base over the past 18 months, Eloise remains a strategic asset offering strong leverage to the recovery in the copper price. However, we can not predict with any certainty if or when the mine will recommence operations and a royalty earnings stream will resume. Accordingly, the Company is not factoring this asset into its strategic planning or growth plans.

Chairman's Report

SUMMARY

In conclusion, I would like to take this opportunity to thank all the members of our team who have responded marvellously to the challenges and rapid changes that unfolded during the year.

In particular, I would like to thank Peter Buck, who stepped down as Managing Director in February as part of a restructure of the Company's senior executive management in response to the prevailing difficult economic circumstances.

Peter made a significant contribution to Breakaway, initially as a non-executive Director and, from 2006 onwards, as Managing Director of the "new" company following its acquisition of LionOre's nickel exploration portfolio. He worked tirelessly to build a high quality team and to significantly enhance the value and growth potential of our core nickel and base metal projects. His contribution is greatly appreciated.

I would also like to acknowledge the efforts of David Hutton, who succeeded Peter as the Company's Chief Executive Officer having held the position of Exploration Manager for the past few years. David has shown outstanding leadership during the year in moving Breakaway to a position where I believe we are very well placed to move forward.

In conclusion, I would like to thank you, our shareholders, for your continued support during the year. I look forward to your ongoing involvement with the Company into the future.

John Atkins

Chairman

Company Highlights

STRATEGY

- Western Australian and Queensland project portfolio restructured to reduce costs, focus and reposition Breakaway for long-term growth.
- Non-core projects divested include most of the East Kimberley Joint Venture, the Kalgoorlie Nickel Project and the Mt Finnerty Joint Venture.
- Breakaway retains an exceptional portfolio of nickel, gold and base metal projects strategically located within the premier mineral districts of Western Australia and Queensland.

GOLD

- New gold exploration initiative commenced focusing on high quality gold targets at Spargos Reward (West Kambalda) and Scotia (Northeastern Goldfields).
- Initial drilling returned encouraging near-surface intercepts at Spargos Reward, confirming the presence of a broad system of gold mineralisation offering significant upside.

NICKEL

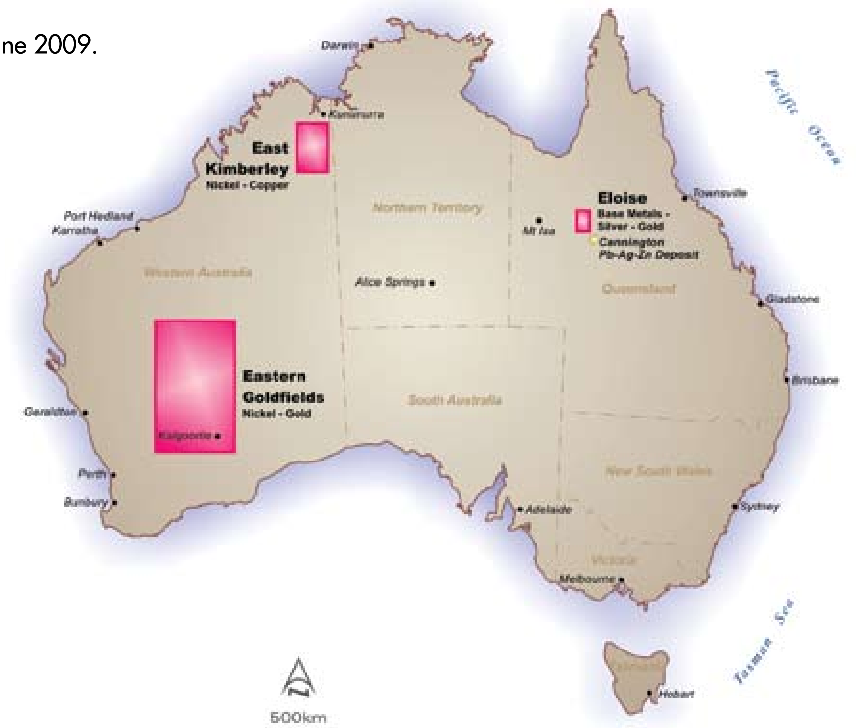
- Strategic project review identifies priority exploration opportunities within Breakaway's extensive nickel sulphide portfolio in Western Australia as part of its core objective of delineating a nickel resource base of +30,000 tonnes of contained nickel grading +3% Ni.
- Priority nickel projects include Kambalda West (1A and Andrews), Wildara (The Revolution-Horn) and Scotia (Saints Nickel Target).
- Inferred Resource of 142,000 tonnes grading 2.0% Ni (2,900t of contained Ni metal) estimated for extensions to the mining depleted portions of 1A Deposit. There is considerable potential to increase both the size and grade of the resource.

BASE METALS

- Diamond drilling south of the Eloise Copper Mine within the 100%-owned Eloise Exploration Project (Queensland) intersected widespread favourable evidence for copper mineralisation, including 1 metre at 1.96% copper.
- Currently evaluating other divestment and strategic joint venture options for the Eloise Exploration Project.
- Eloise Copper Mine (BRW 30% net profit royalty interest) placed on care and maintenance in response to falls in the copper price.

CASH POSITION

- Strong cash position of $3.1 million as at 30 June 2009.



Operations Report

OVERVIEW

2008/2009 has been a significant year for Breakaway Resources, as well as for the industry as a whole. With the onset of the global economic crisis, Breakaway responded quickly adjusting its operating strategy accordingly, and implementing a series of initiatives including the temporary suspension of high cost activities such as drilling, rationalising of its project portfolio, the introduction of a number of economies across the overall business, and sharpening the focus on core projects in the Eastern Goldfields which offer the most attractive opportunities for future exploration success. The challenge ahead is to reposition the Company effectively to take advantage of the opportunities that will arise in this dramatically changed environment.

The majority of exploration activities undertaken during the year focussed on refining nickel targets on the Wildara Project Group, which is strategically located within the highly endowed Leinster district of the Eastern Goldfields, and makes this project the primary focus for future nickel exploration. Five broad nickel priority areas have been identified from ongoing review and evaluation of the abundant exploration targets present within the project area. The presence of both high tenor sulphides within multiple geological settings and the Horn Deposit (JORC Code compliant Inferred Resource of 600,000t @ 1.39% Ni (8,300t Ni metal)) makes the Revolution-Horn Trend the highest priority target.

Geological interpretation and 3D modelling of the 1A Deposit at the West Kambalda Project confirmed that in spite of structural complexity there is broad continuity between the drill hole intersections. The drilling carried out by Breakaway has not closed off the system suggesting that further work is required to determine its overall potential. A JORC Code compliant Inferred Resource of 142,000 tonnes @ 2.0% Ni (2,900t Ni metal) was calculated by Optiro for extensions to the mining depleted portions of the 1A Nickel Deposit based on the results of the successful diamond drilling undertaken by Breakaway during 2008. The resource possesses considerable upside both in terms of size (being open both down plunge and along strike) and grade (existing drill density of approximately 30 x 30 metres is insufficient to test for areas of small scale structural complication, which have been demonstrated to exist within the mined portions of the deposit, and which contain internal zones of higher grade mineralisation).

The Company also focussed its short term activities on two high quality gold targets located within major, regionally endowed gold corridors on Breakaway's Scotia and West Kambalda Projects within the Eastern Goldfields. The gold focus reflects the Board's view of the assets considered most likely to drive shareholder value in the current economic and commodity price environment. Significant gold results were returned from a Reverse Circulation drilling programme undertaken at the Spargos Reward Gold Target (West Kambalda Project).

At the Eloise Project in Queensland, diamond drilling undertaken by the Company south along strike from the Eloise Copper Mine intersected widespread favourable evidence for copper mineralisation including 1 metre at 1.96% from 173 metres in 08BERD0043.

During the year, Breakaway rationalised its involvement in several non-core projects, with its withdrawal from the Kalgoorlie Nickel Project, where the Company had an opportunity to earn a 60% interest in the nickel rights owned by Jackson Minerals Limited (now known at Cauldron Energy Ltd). Major reductions were also made to the large East Kimberley Joint Venture project area, following a comprehensive evaluation of the project. The Keller Creek Nickel Prospect has been retained with Breakaway transferring its 60% interest in all other tenements to its Joint Venture partner, Thundelarra Exploration Limited (40% interest). Breakaway also sold its earn-in rights to the Mt Finnerty Joint Venture to Reed Resources Ltd for a total consideration of 500,000 fully-paid ordinary, non-escrowed, shares.

As part of Breakaway's strategic focus moving forward, the Company is currently evaluating other divestment and strategic joint venture options for non-core nickel and base metal projects in Western Australia and Queensland in order to add value for Breakaway shareholders.

Lastly, the Eloise Copper Mine, where Breakaway holds a 30% net profit royalty interest, was placed on temporary care and maintenance in December 2008 by the owners FMR Investments Pty Ltd in response to the sharp fall in the copper price. This decision does not impose capital or operating liabilities on Breakaway.

Operations Report

NICKEL: CORE EXPLORATION PROJECTS

Breakaway's primary objective is the discovery of a stand alone nickel sulphide deposit of not less than 30Kt nickel metal @ 3% Ni and in recognition of this, Breakaway continued to work during the 2007/2008 year towards identifying exploration opportunities offering the best likelihood of achieving this objective within its core Eastern Goldfields Projects, in particular the Wildara, Scotia and West Kambalda Projects.

WILDARA PROJECT GROUP

(Incorporating the Wildara (100%), Mount Clifford (100%), and Yillaree (81.27%) Projects)

South of the Leinster nickel mining complex in the Northeastern Goldfields of Western Australia, Breakaway holds a commanding tenement position incorporating several contiguous projects (Wildara, Mt Clifford and Yillaree Projects) termed the Wildara Project Group. The tenements cover a multiple series of nickel-bearing ultramafic belts that in total extend a strike distance of some 60 kilometres.

The Wildara Project Group is situated within the heart of one of the world's most prolific nickel sulphide provinces on the major Perseverance shear zone, which hosts the major nickel deposits of Perseverance, Rocky's Reward, Mount Keith, Yakabindie (BHP Billiton), and Honeymoon Well (Norilsk) as well as the large Cosmos (Xstrata) camp and the nearby discoveries of Waterloo (Norilsk) and Sinclair (Xstrata) which have progressed to production. Strategically located towards the northern end of the Kambalda-Mount Keith nickel corridor, the Project Group is close to a bitumen highway, power and nickel processing plants (Figure 1).

Breakaway commenced exploration on Wildara in December 2007 resulting in the delineation of the Horn Nickel Sulphide Deposit (JORC Code compliant Inferred Resource of 600,000 tonnes at 1.39% Ni and 0.30% Cu for 8,300t of contained nickel and 1,800 tonnes of contained copper – see Notes Specific) in April 2008. This discovery is considered to be an important achievement which clearly demonstrates the excellent nickel potential of the Project and its ultramafic host rocks.

Outside of the Horn Deposit, the Project Group encompasses a large number of historic nickel exploration targets. To determine priorities for future exploration activities, the Company initiated a programme of geological mapping of key nickel targets, a review of historical Moving Loop TEM (MLTEM) conductors, high resolution ground magnetic surveying, additional Moving Loop TEM (MLTEM) surveying, and a review of near surface Ni-Cu-PGE anomalism.

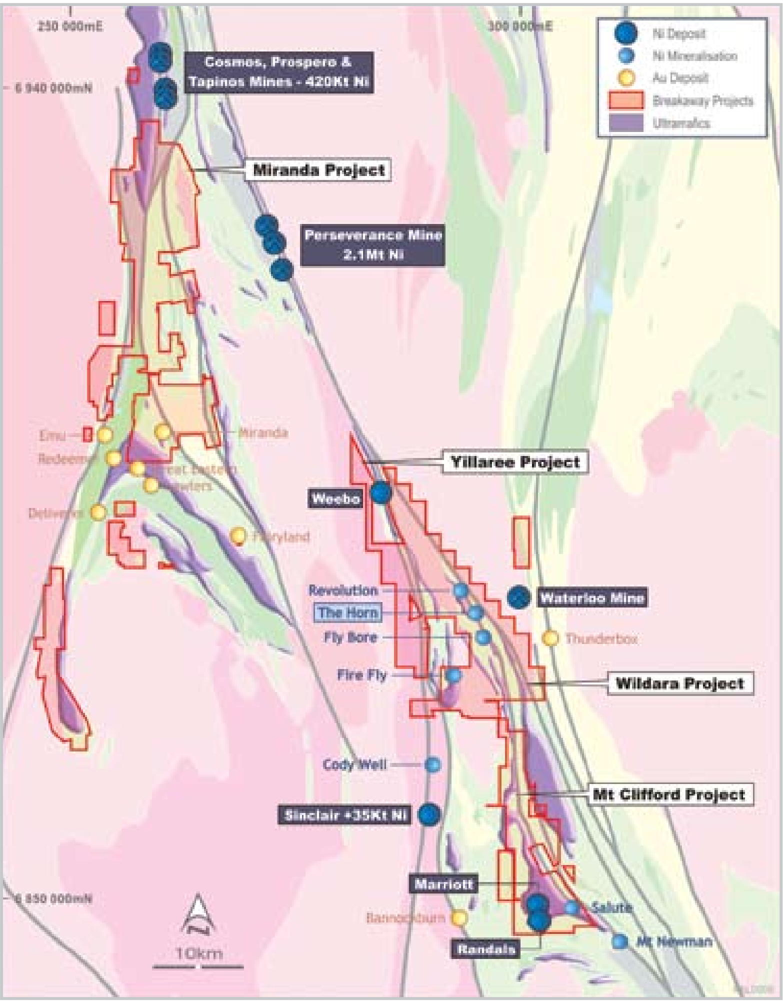


Figure 1: Regional Geological Setting: Wildara, Mt Clifford, Yillaree and Miranda Projects

From the work, five priority areas within the Wildara and Yillaree Projects have now emerged (Revolution-Horn Trend, Fly Bore-Hill Top Trend, Firefly, Sinclair Trend and Yillaree North) as the focus for future nickel exploration. These are in addition to nickel sulphide targets previously identified by consultants Newexco Services Pty Ltd on the Mt Clifford Project in 2007 (Figure 2).

Of the targets within the Wildara and Yillaree areas, the Revolution-Horn Trend offers the best opportunity for the discovery of significant nickel sulphide mineralisation in the near term.

Operations Report

1. Revolution-Horn Trend

Located immediately west of the Goldfields Highway within the central portion of the Project, the area covers 6 strike kilometres of the highly prospective Roadside Ultramafic Belt and encompasses the Horn Nickel Deposit at its southern end, and the historical Revolution Nickel Prospect at its northern end. At Revolution, previous drilling has intersected high tenor disseminated and vein nickel sulphides within both an internal ultramafic and footwall position (i.e. 2m @ 0.97% Ni, 426ppm Cu and 393ppb Pt + Pd from 192 metres in LWDD0809, including 4m @ 1.13% Ni, 1220ppm Cu and 1090ppb Pt + Pd from 200 metres, and 0.15m @ 5.1% Ni and 3029ppb Pt + Pd from 267metres in LWDD0819).

At the Horn, lower tenor, structurally – remobilised massive and matrix nickel sulphides occur within a shallow, flat lying elongate body that has been intersected by drilling over 500 metres and remains open in both directions. Along its strike length, the sulphides occur variably within the host ultramafic or at the upper contact with the basalt wall rocks (Figures 3 and 4). Drill hole intersections for the 2008 Breakaway Horn drilling programme are shown in Table 1.

The target area is characterised by broad wide-spaced drilling which, while successfully intersecting bedrock nickel mineralisation at Revolution, has failed to define a trend to the mineralisation and not taken into account the possibility of nickel sulphides occurring within shallow plunging elongate positions, such as that seen at the Horn.

Breakaway's work during the year has focussed on identifying specific drill targets within the Revolution-Horn Trend. Throughout the trend, nickel sulphide mineralisation typically exists within a broader halo of near surface Ni-Cu-PGE anomalism. Existing bedrock was reviewed to assist in identifying specific drill targets and successfully identified three coherent near surface anomalous zones containing and extending beyond known nickel sulphide mineralisation (Figure 5).

At Revolution, a north-west trending elongate anomalous zone approximately 1.5 kilometres in strike length overlies the eastern margin of the Roadside Ultramafic Belt and extends southwards from the bulk of nickel mineralisation drilled to date. A second 500 metre long anomalous zone lies immediately south east along strike and contains nickel gossan material previously intersected in historic RAB drilling, i.e. LWDR0299 – 4m @ 1.0% Ni from 20 metres and 12m @ 0.78% Ni from 32 metres, and a third zone covering approximately 2 kilometre strike length which overlies the Horn Deposit.

In addition to the geochemical zones detailed above, geological mapping has confirmed the presence of nickeliferous gossans within a structurally bound, high MgO ultramafic unit immediately south of the known Horn Deposit mineralisation which represents a fourth specific drill target within the Revolution-Horn Trend.

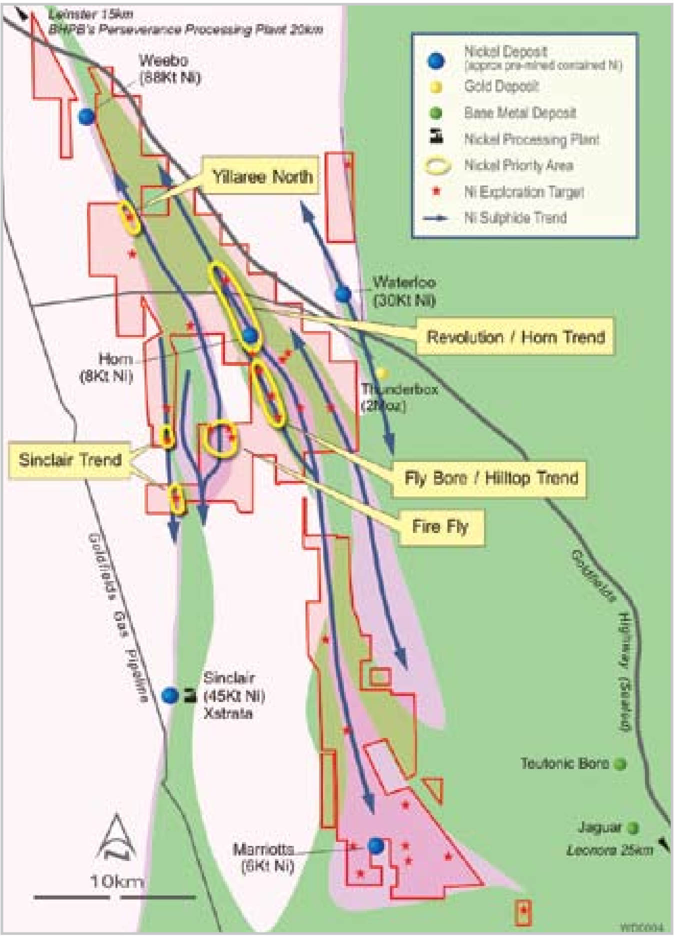


Figure 2: Wildara Project Group Priority Areas

Table 1: The Horn Deposit

Hole ID	Northing	Easting	Azi° Mag	Dip °	From	Downhole Width (m)	Grade (% Ni)
07BWDD0001	6,882,513	295,444	140	-81	134.56	10.44	2.19
07BWDD0002	6,882,396	295,446	270	-80	140.75	-	NSA
07BWDD0003	6,882,531	295,348	270	-56	145.30	-	NSA
07BWDC0004	6,882,650	295,351	270	-84	91.00	1.00	0.52
07BWDD0005	6,882,458	295,378	270	-85	136.20	-	NSA
07BWDC0006	6,882,721	295,387	92	-81	-	-	NSA
07BWDC0007	6,882,721	295,360	270	-82	-	-	NSA
07BWDD0008	6,882,445	295,420	90	-75	130.00	-	NSA
08BWDD0009	6,882,390	295,508	90	-75	139.75	1.15	2.21
"	"	"	90	-75	145.44	0.31	1.51
08BWDD0010	6,882,286	295,449	90	-85	168.85	-	NSA
08BWDD0011	6,882,446	295,484	90	-75	143.60	1.96	2.09
08BWDD0012	6,882,535	295,421	270	-85	122.55	8.45	0.76
08BWD00013	6,882,525	295,555	50	-65	160.00	-	NSA
08BWDD0014	6,882,533	295,484	90	-75	145.00	-	NSA
08BWDD0015	6,882,682	295,403	50	-65	132.60	17.40	2.23
08BWDD0016	6,882,799	295,588	90	-88	-	-	NSA
08BWDD0017	6,882,327	295,465	30	-75	159.35	-	NSA
08BWDD0018	6,882,451	295,460	90	-88	140.80	6.70	2.49
08BWDD0019	6,882,720	295,382	90	-88	131.30	3.20	1.51
08BWDD0020	6,882,726	295,425	90	-75	202.00	1.00	0.61
"	"	"	90	-75	138.73	-	NSA
08BWDD0021	6,882,722	295,352	270	-80	115.05	-	NSA
08BWDD0022	6,883,500	294960	90	-60	298.15	-	NSA
08BWDD0023	6,883,501	294,960	90	-70	143.62	-	NSA
08BWDD0024	-	-	-	-	-	-	ABN
08BWDD0025	6,883,451	295,451	90	-80	140.85	1.65	2.48
08BWDD0026	6,882,450	295,456	270	-86	141.05	1.95	0.51
08BWDD0027	6,882,683	295,385	90	-86	117.37	0.86	1.61
08BWDD0028	6,882,390	295,473	90	-68	139.00	-	NSA
08BWDD0029	6,882,390	295,472	90	-83	138.00	-	NSA
08BWDD0030	6,882,596	295,496	270	-70	133.50	1.90	2.37
08BWDD0031	6,882,600	295,353	90	-81	85.00	0.90	0.55
08BWDD0032	6,882,596	295,500	270	-74	160.50	-	NSA
08BWDD0033	6,882,596	295,495	270	-55	135.12	3.88	0.80
08BWDD0034	6,882,420	295,471	270	-74	138.90	-	NSA
08BWDD0035	6,882,448	295,450	270	-55	150.70	-	NSA
08BWDD0036	6,882,488	295,402	90	-85	133.63	12.37	0.79
08BWDD0037	6,882,533	295,431	90	-69	138.05	10.95	1.12
08BWDD0038	6,882,561	295,520	90	-76	152.15	1.23	1.82
08BWDD0039	6,882,562	295,518	90	-84	158.60	7.00	2.58
08BWDD0040	6,882,565	295,363	270	-65	-	-	NSA
08BWDD0041	6,882,650	295,363	270	-52	95.96	-	NSA
08BWDD0042	6,882,650	295,363	90	-75	104.05	0.25	1.80
08BWDD0043	6,882,651	295,363	90	-80	129.00	13.00	0.69
08BWDD0044	6,882,683	295,386	90	-70	131.33	4.47	2.20
08BWDD0045	6,882,723	295,386	90	-80	-	-	NSA
08BWDD0046	6,882,723	295,387	90	-67	153.00	-	NSA
08BWDC0047	6,882,777	295,350	270	-88	150.00	2.00	0.81
08BWDD0048	6,882,565	295,363	90	-77	95.00	4.00	0.72
08BWDD0049	6,882,598	295,347	270	-60	138.00	-	NSA

Table 1: The Horn Deposit

Hole ID	Northing	Easting	Azi° Mag	Dip °	From	Downhole Width (m)	Grade (% Ni)
08BWDC0050	6,882,990	295,199	270	-85	96.00	-	NSA
08BWDC0051	6,882,350	295,565	270	-88	187.00	-	NSA
08BWDC0052	6,882,301	295,571	270	-88	192.00	-	NSA
08BWDC0053	6,882,241	295,598	270	-88	225.00	-	NSA
08BWDD0054	6,882,648	295,472	270	-85	113.60	0.80	2.02
"	"	"	270	-85	116.40	13.55	0.72
08BWDC0055	6,882,173	295,977	270	-85	208.00	-	NSA
08BWDD0056	6,882,648	295,473	270	-80	117.00	1.30	2.20
"	"	"	270	-80	123.60	0.32	2.27
08BWDD0057	6,882,625	295,472	270	-75	117.80	8.20	1.06
08BWDD0058	6,882,596	295,496	90	-76	-	-	NSA
08BWDD0059	6,882,564	295,362	90	-70	108.00	1.30	1.03
"	"	"	90	-70	112.10	0.90	1.14
"	"	"	90	-70	113.50	0.30	1.84
"	"	"	90	-70	114.10	2.75	1.09
08BWDD0060	6,882,488	295,402	90	-68	151.40	1.27	2.26
08BWDD0061	6,882,488	295,402	90	-83	134.50	3.55	0.70
08BWDD0062	6,882,419	295,471	270	-87	132.90	6.10	0.68
08BWDD0063	6,882,388	295,470	270	-89	140.00	4.00	1.36
08BWDC0064	6,882,387	295,471	170	-60	192.00	1.00	1.07
08BWDD0065	6,882,649	295,473	270	-86	149.00	-	NSA
08BWDD0066	6,882,626	295,472	270	-82	125.45	12.75	0.67
08BWDD0067	6,882,778	295,347	270	-80	151.20	1.10	0.55
08BWDD0068	6,882,778	295,350	96	-86	123.20	0.30	1.15
08BWDD0069	6,882,778	295,350	340	-65	131.00	-	NSA
08BWDD0070	6,882,303	295,577	270	-75	173.80	0.80	2.00
08BWDD0071	6,882,303	295,577	270	-71	179.00	0.35	0.97
"	"	"	270	-71	186.37	1.77	0.64
08BWDD0072	6,882,303	295,577	272	-67	177.60	-	NSA
08BWDD0073	6,882,490	295,402	93	-73	148.07	7.23	1.53
08BWDD0074	6,882,490	295,402	90	-63	143.97	10.80	2.23
08BWDD0075	6,882,350	295,564	273	-69	172.30	1.04	1.28
08BWDD0076	6,882,349	295,564	271	-75	162.00	-	NSA
08BWDD0077	6,882,421	295,465	270	-79	134.73	-	NSA
08BWDD0078	6,882,349	295,564	273	-63	169.40	-	NSA
08BWDD0079	6,882,349	295,564	270	-62	-	-	NSA
08BWDD0080	6,882,490	295,402	91	-57	155.08	-	NSA

2. Fly Bore-Hill Top Trend

Lying immediately south of the Revolution-Horn Trend, within the parallel trending Fly Bore Ultramafic Belt, the area is characterised by a number of nickeliferous gossan outcrops and bedrock TEM conductors within a shallowly plunging sequence of high MgO ultramafic units. Limited historical drilling has intersected narrow widths of moderate tenor nickel sulphide mineralisation (i.e. 1m @ 1.02% Ni, 0.79% Cu from 14 metres in LWDC0011, 0.1m @ 1.44% Ni, 0.11% Cu from 81.8 metres in NFD007, and 0.1m @ 2.13% Ni, 0.41% Cu from 93 metres in NFD005) associated with the gossans and conductors.

Geological mapping undertaken confirmed that the mineralisation occurs within shallow plunging ultramafic units, similar to the host rocks at the Horn Deposit, and that potential at depth for additional flat lying ultramafic units remains to be tested.

3. Fire Fly

Lying 6.5 kilometres to the south west of the Horn Deposit within the parallel trending Weebo Ultramafic Belt, and approximately 20 kilometres south along strike from BHPB's Weebo Nickel Deposit (approximately 88Kt Ni metal) the area is characterised by the presence of near surface Ni-Cu-PGE anomalism and TEM conductors on both the western and eastern contacts of the Ultramafic Belt. While a number of nickeliferous gossans are known to exist on both contacts, limited historical drilling has failed to explain their significance. Breakaway RAB drilling during the 2006/2007 period intersected elevated Ni-Cu-PGE anomalism (i.e. 5m @ 0.74% Ni, 0.02% Cu, and 18ppb Pt + Pd from 44 metres in 07BWDR0011 and 12m @ 0.43% Ni, 0.008%, and 30ppb Pt + Pd from 20 metres in 06BWDR0162) both adjacent to, and internal to the eastern contact.

Geological mapping has demonstrated the structural complexity of the Weebo Ultramafic Belt and confirmed the potential of Fire Fly area to host multiple occurrences of nickel sulphide mineralisation within a variety of structural and stratigraphic settings.

4. Sinclair Trend

Lying 8 kilometres to the south west of the Horn Deposit within the north-south trending Sinclair Ultramafic Belt and approximately 12 kilometres north along strike from Xstrata's Sinclair Nickel Deposit (approximately 45kt Ni metal), the Sinclair Trend comprises numerous previously defined TEM anomalies which were shown by subsequent reconnaissance RAB drilling to potentially lie within prospective ultramafic lithologies. The TEM conductors lie at depths between 80 and 300 metres vertical and have not been specifically tested by drilling to date.

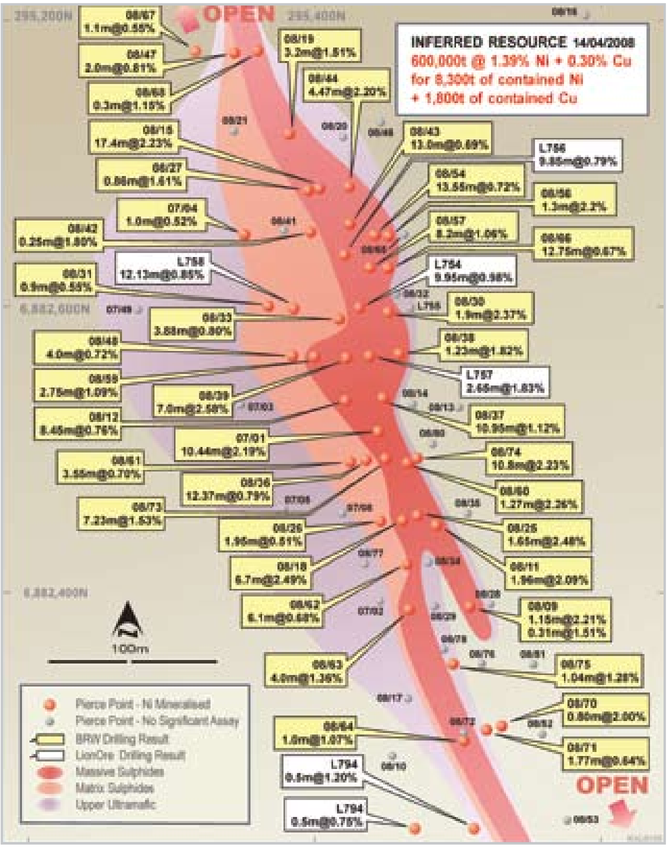


Figure 3: The Horn Plan Projection of Drill Hole Intersections and Deposit Boundaries

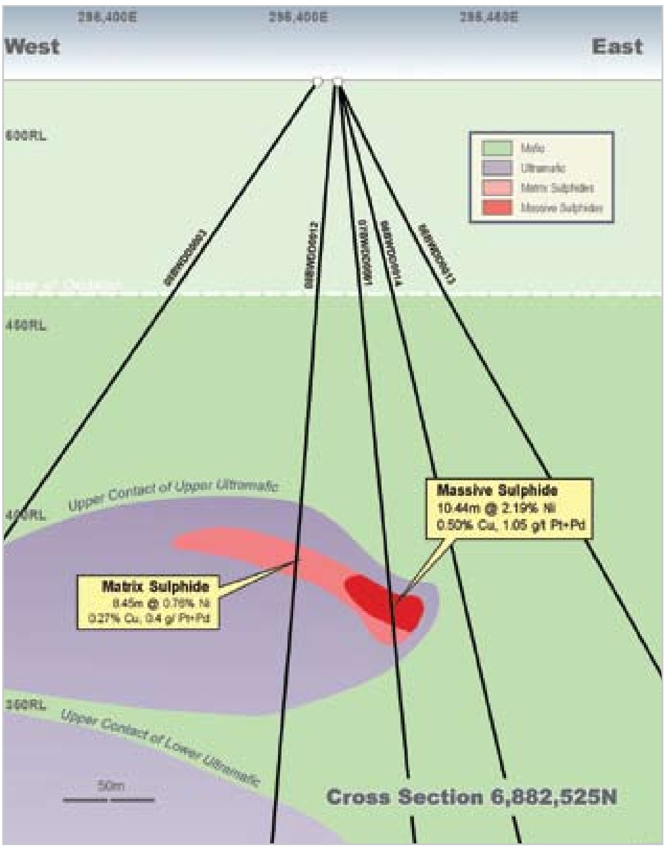


Figure 4: The Horn Cross Section 6,882,525N

5. Yillaree North (Yillaree Project – BRW 81.27%)

The Yillaree Project is a joint venture with Hampton Hill Mining NL (18.73%). Lying 10 kilometres northwest of the Horn Deposit within the Sinclair Ultramafic Belt, historical RAB drilling has outlined a broad area of near surface Ni-Cu-PGE anomalism within prospective ultramafic lithologies. A review of historical surface geophysical data by Newexco Services Pty Ltd has highlighted several bedrock TEM conductors within the immediate vicinity of the Yillaree North target that require further evaluation.

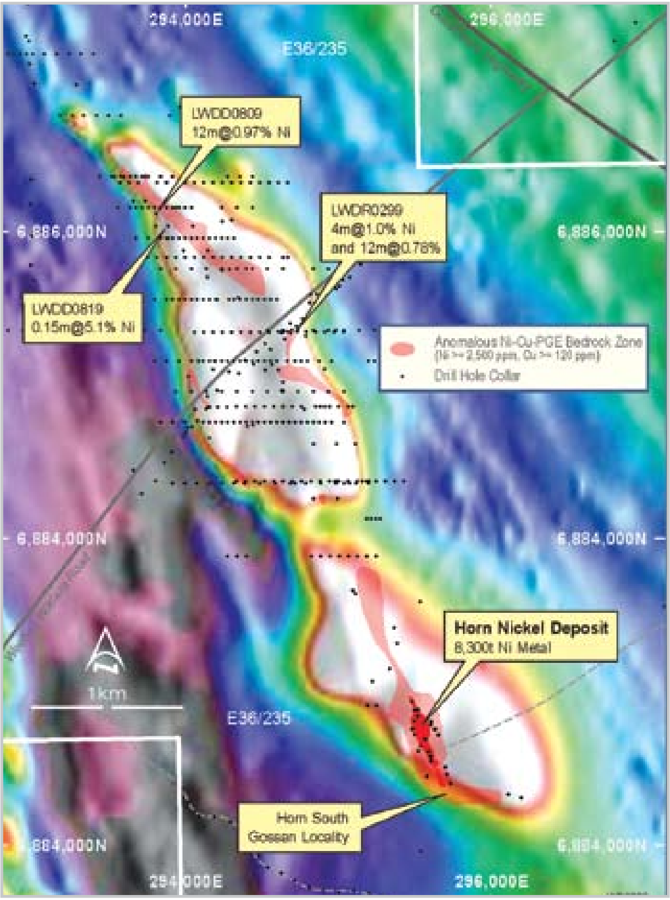


Figure 5: Revolution-Horn Trend Anomalous Bedrock Geochemical Zones

WEST KAMBALDA PROJECT (100%)

The West Kambalda Project, located approximately 20 kilometres southwest of the Kambalda nickel mining and processing centre, comprises three tenement blocks for a total combined area of 44km^2. The Project encompasses a series of nickel prospective ultramafic units which host the historic Spargoville nickel camp (including the historic Andrews, 5A, 5B, and 1A Nickel Deposits) on the southern two Mining Leases. These deposits produced some 14,000 tonnes of nickel between 1975 and 1993. They closed due to depressed nickel prices which also reduced the incentive to explore for extensions (Figure 6).

The deposits have not yet been closed off by drilling and offer considerable potential as clearly demonstrated by the discovery of extensions at the Andrews and 1A Deposit by Breakaway in 2008.

Notwithstanding the successful delineation of down-plunge extensions below the mined portions of the 1A and Andrews Deposits, exploration at West Kambalda was suspended in the second half of 2008, to provide an opportunity to further evaluate the results and opportunities for this project under the current changed economic circumstances. Breakaway will consider a range of possibilities to further develop the significant potential of this project, including partnering options.

Andrews Deposit

Thirteen diamond drill holes (6,360 metres) were completed by Breakaway between March and July 2008 (Figure 7 and Table 2) to investigate the continuation of down-plunge extensions of the deposit up to 100 metres below the lowermost mined level (11 level - 330 metres below the surface). This was the deepest mined level prior to closure of the mine in 1977 due to low nickel prices and limitations imposed on deeper mining due to the depth of the access shaft. Indications for depth extensions were intersected in a limited number of very wide-spaced historical drill holes the significance of which was only appreciated in recent years by Breakaway. The mine is reported to have produced about 7,800 tonnes of contained nickel and indications are that a similar amount could exist in the immediate depth extensions.

The programme of wide-spaced (50 to 100 metres) drill holes completed by Breakaway confirmed the depth continuation of the deposit up to 100 metres below the 11 level. The drilling found that the internal continuity of the mineralisation appears complicated by later cross-cutting intrusions and structures. The drill spacing however, is still too wide to fully understand the geology of the mineralisation. It is suspected that the mineralisation will occur in several discrete steeply plunging zones similar to what occurs above the 11 level.

Going forward, the ideal method to assess the Andrews extensions, at a higher level of confidence, would be to drill from underground. This would entail shallower holes and allow for a greater density of drilling.

Figure 6: West Kambalda Tenement Location Plan

Operations Report

Table 2: Andrews Deposit

Hole ID	Northing	Easting	Azi° Mag	Dip °	From	Downhole Width (m)	Grade (% Ni)
08BKWD0017	6,529,868	356,999	92	-62	464.79	0.45	1.27
08BKWD0018	6,529,813	357,031	93	-60	434.34	9.39	2.01
					including		
"	"	"	93	-60	434.34	0.81	5.27
"	"	"	93	-60	437.43	1.11	2.43
"	"	"	93	-60	440.82	1.84	4.95
08BKWD0019	6,529,914	356,976	91	-60	462.00	0.70	1.07
08BKWD0020	6,529,738	357,072	90	-60	375.00	0.90	NSA
08BKWD0021	6,529,980	357,001	90	-60			NSA
08BKWD0022	6,530,005	356,991	90	-62	424.80	1.24	3.91
08BWKD0023	6,530,006	356,989	93	-65	525.74	1.26	1.07
08BWKD0024	6,529,815	357,031	88	-64	427.60	8.35	3.49
					including		
"	"	"	88	-64	435.07	0.88	8.83
08BWKD0025	6,529,740	357,072	79	-62	389.00	1.63	0.92
"	"	"	80	-62	394.63	0.37	1.06
"	"	"	80	-62	398.92	0.62	7.58
08BWKD0026	6,529,739	357,073	85	-65	412.62	1.18	2.87
08BWKD0027	6,529,674	357,057	91	-66	455.00	0.23	1.40
08BKWD0028	6,529,870	357,000	89	-66	-	-	NSA
08BKWD0029	6,530,008	356,993	90	-66	-	-	NSA

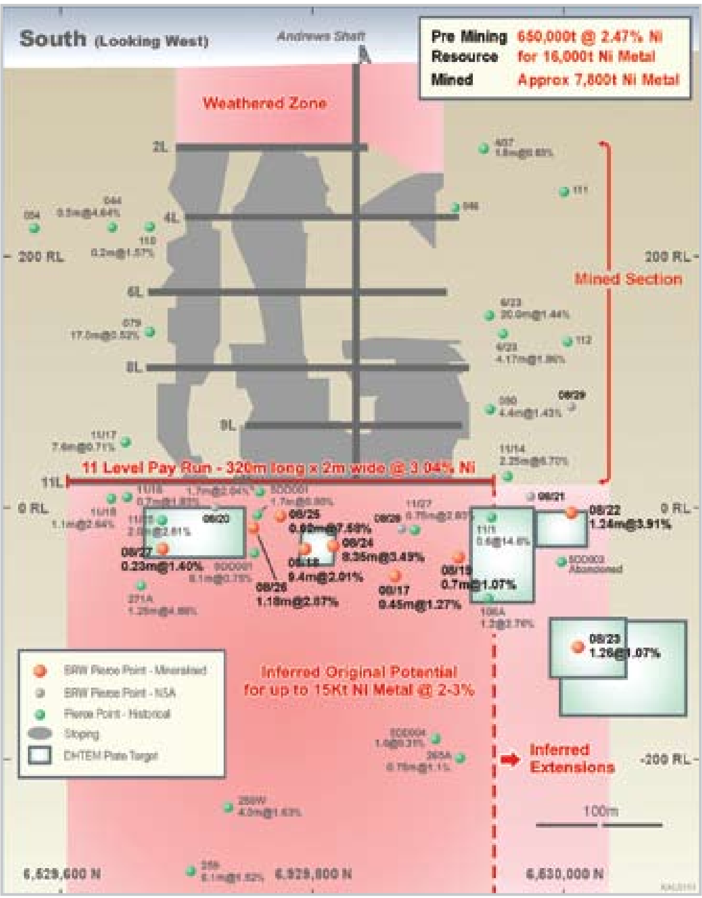


Figure 7: Andrews Deposit Long Section

1A Nickel Deposit

The 1A Mine is located approximately 4 kilometres north of the Andrews Mine and is reported to have produced 112,000 tonnes at 3.80% Ni (4,286t Ni metal), from three 25 metre - spaced levels developed to a vertical depth of 175 metres. The mine which operated between 1991 and 1992 closed due to depressed nickel prices (in the order of US$2.00/lb).

At 1A, massive and disseminated nickel sulphide mineralisation occurs within an overturned, thrust-repeated mafic/ultramafic sequence. Locally, mineralisation is present as a series of gently west to northwest plunging ribbon-like shoots or surfaces that have been locally offset, remobilised and upgraded by small scale faulting and folding. Underground mining took place primarily from the middle ultramafic horizon ("Surface 2").

Breakaway completed an 11 hole (3,030 metres) diamond drilling programme on nominal 30 x 30 metre centres to test for extensions to the mined portions of the deposit during the second half of 2008. Drilling successfully intersected both disseminated and massive nickel sulphide primarily on the upper and middle ultramafic horizons (see Table 3).

A JORC Code compliant Inferred Resource of 142,000 tonnes @ 2.0% Ni (2,900t Ni metal) has been calculated for the extensions to the mining depleted portions of the 1A Nickel Deposit based on the results of successful diamond drilling undertaken by Breakaway during 2008. Optiro calculated the resource using a 0.8% Ni cut-off grade (see Notes Specific for the resource estimation methodology and Figure 8).

The majority of the 2009 resource lies within the Surface 2 horizon and extends from the base of weathering (50 metres below surface) to approximately 100 metres vertically beneath the base of the existing mine workings (275 metres below surface). A number of single hole resource "pods" exist within the lowermost drill holes.

The resource possesses considerable upside both in terms of size (being open both down plunge and along strike) and grade (existing drill density of approximately 30 x 30 metres is insufficient to test for areas of small scale structural complication, which have been demonstrated to exist within the mined portions of the deposit, and contain internal zones of higher grade mineralisation).

The work reinforces the prospectivity of the West Kambalda Project and will enable the Company to plan the next phase of activity on the 1A Nickel Deposit.

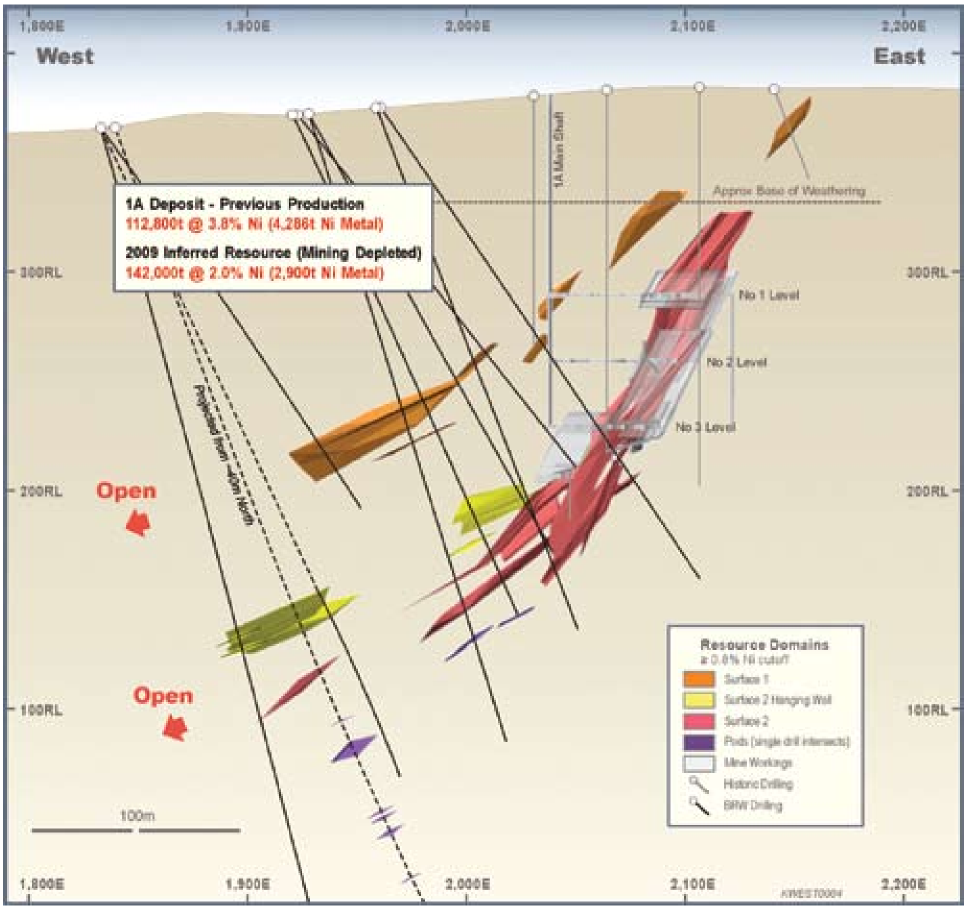


Figure 8: 1A Deposit Showing Inferred Resource Domains Superimposed over 2050N Section Drill Holes

Operations Report

Table 3: 1A Deposit

Hole ID	Northing	Easting	Azi° Mag	Dip °	From	Downhole Width (m)	Grade (% Ni)
08BKWD0030	6,533,807	356,417	63	-56	273.38	0.82	2.16
08BKWD0031	6,533,830	356,396	46	-57	219.38	5.80	2.76
					including		
"	"	"	46	-57	219.38	1.60	7.34
08BKWD0032	6,533,835	356,438	47	-55	209.40	2.00	NSA
08BKWD0033	6,533,808	356,417	51	-61	209.48	8.52	2.33
					including		
"	"	"	51	-61	210.03	2.57	4.26
"	"	"	51	-61	210.03	1.27	5.87
08BKWD0034	6,533,785	356,460	43	-60	127.47	1.53	1.04
"	"	"	43	-60	275.08	0.28	2.46
08BKWD0035	6,533,736	356,476	46	-60	182.62	1.25	NSA
08BKWD0036	6,533,785	356,459	43	-68	135.00	1.86	1.48
08BKWD0037	6,533,809	356,418	47	-73	234.83	2.42	1.00
08BKWD0038	6,533,830	356,395	46	-62	143.00	0.28	5.48
"	6,533,830	356,395	46	-62	209.50	0.47	1.09
08BKWD0039	6,533,830	356,395	45	-62	-	-	ABN
08BKWD0040	6,533,747	356,348	41	-65	233.76	1.15	3.71
"	"	"	41	-65	240.00	7.00	1.37
"	"	"	41	-65	270.00	1.00	1.18

SCOTIA PROJECT (100%)

The Scotia Nickel Project is located 65 kilometres north of Kalgoorlie in Western Australia, and covers an area of approximately 238km^2, including approximately 40 strike kilometres of the nickel sulphide bearing Scotia Ultramafic which hosts the historic Scotia Mine and the Saints Nickel Target, as well as several near-surface nickel geochemical anomalies (Figure 9).

Scotia Nickel Mine

The mineralisation at the Scotia Mine consisted predominantly of disseminated nickel sulphides with the production of some 14,700 tonnes of nickel from ore with an average grade of about 2.2% nickel by underground methods during the 1970's to a depth of about 360 metres. The mine ceased production in 1977 due to a major near-surface pillar collapse.

At the base of the mine, the deposit appears to be structurally terminated, prompting questions regarding the occurrence of extensions structurally displaced from the mined portion of the deposit. Limited, wide spaced historical drilling, down dip and along strike to the south of the deposit, has not been successful in discovering depth extensions. However, the majority of nickel sulphide deposits in the Eastern Goldfields comprise a series of disconnected lenses distributed over extensive down-plunge lengths with much shorter strike extents. Breakaway is of the view that if this pattern occurs at the Scotia Mine the historical down-plunge holes may not represent an effective test for depth extensions and further drilling is required to test a broader range of down-plunge options.

Saints Nickel Target

At the Saints, 15 kilometres north of the Scotia Mine, nickel sulphide mineralisation has been discovered on two trends comprising the Eastern Contact Trend and the Western Contact Trend, discovered by Breakaway in 2007. On the Eastern Trend previous exploration located two mineralised zones, termed St Patricks and St Andrews, 600 metres apart. Previous drilling to test these occurrences was limited to maximum depths of 300 metres and did not satisfactorily close off the occurrences or test for extensions away from the two zones (Figure 10).

The St Patricks Deposit, which was delineated by previous explorers, occurs in two zones, termed the S2 (upper) and S1.5 (lower), occurring in the hanging wall of the host ultramafic, with the S2, comprising disseminated to massive mineralisation, being more predominant. Based on a 1% nickel cut-off grade, a Mineral Resource comprising 135,600 tonnes at 3.7% nickel for 5,000 tonnes of contained nickel, categorised as an Inferred Resource, was reported in accordance to the JORC Code guidelines. The resource estimate was generated by RSG Global (now a division of Coffey Mining Pty Ltd) for the St Patricks Deposit in 2006.

Mineralisation at the St Andrews Deposit has been only sparsely drilled by previous explorers, and occurs at several levels but particularly on the S1 horizon at the base of the ultramafic unit in contact with the footwall basalt.

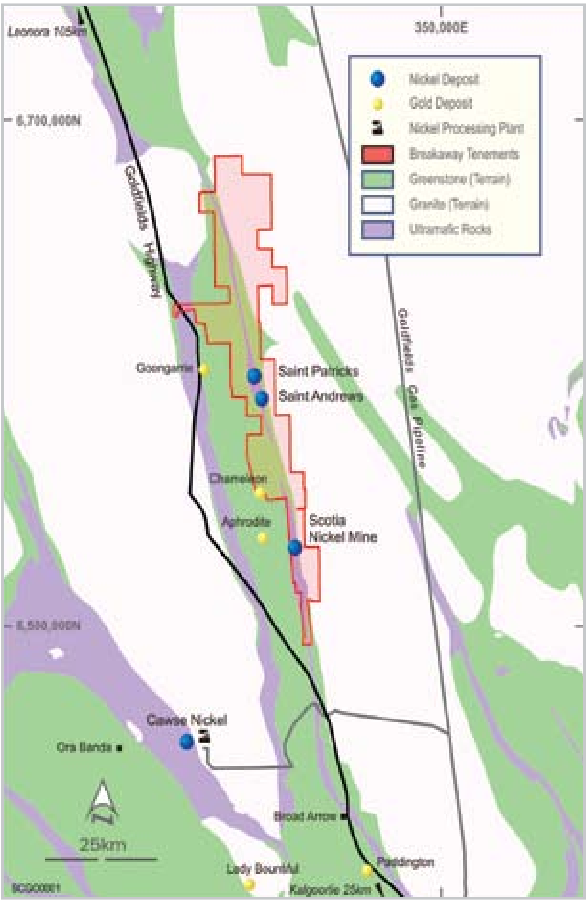


Figure 9: Scotia Project Tenement Location Plan

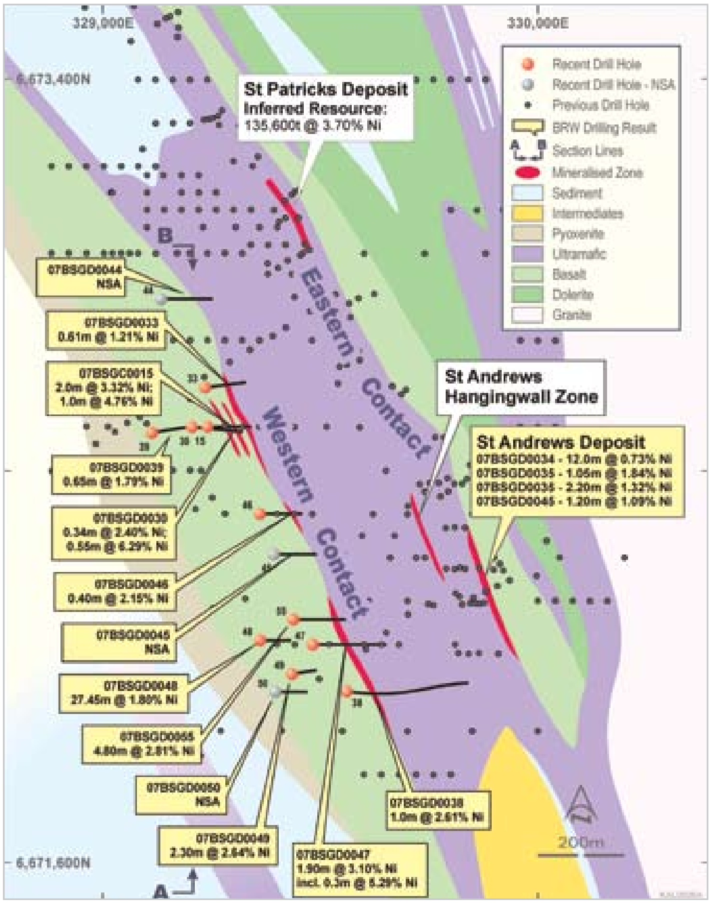


Figure 10: Saints Nickel Target

Operations Report

The Western Contact Trend is completely obscured by cover and was discovered by Breakaway in 2007 following up anomalous aircore geochemistry. Subsequent diamond drilling took place over a 500 metre strike extent and located +1% nickel sulphides in a large number of holes with grades up to 6.29%. Significantly, the mineralisation contains zones of apparent thickening, however the drilling is wide-spaced with holes typically having a spacing of 50 - 100 metres along strike and only testing down to a maximum depth of 200 metres. The Western Contact mineralisation remains open down plunge and represents a priority opportunity for the Company to delineate additional nickel sulphides within its exploration portfolio (Figure 11).

Exploration activities undertaken during the reporting year were restricted to geological modelling and planning of follow-up drilling programmes for Saints Nickel Target, specifically the Western Contact Trend. While highly prospective, competing priorities with the Horn Nickel Deposit on the Wildara Project meant that field activities were suspended pending completion of the Horn work.

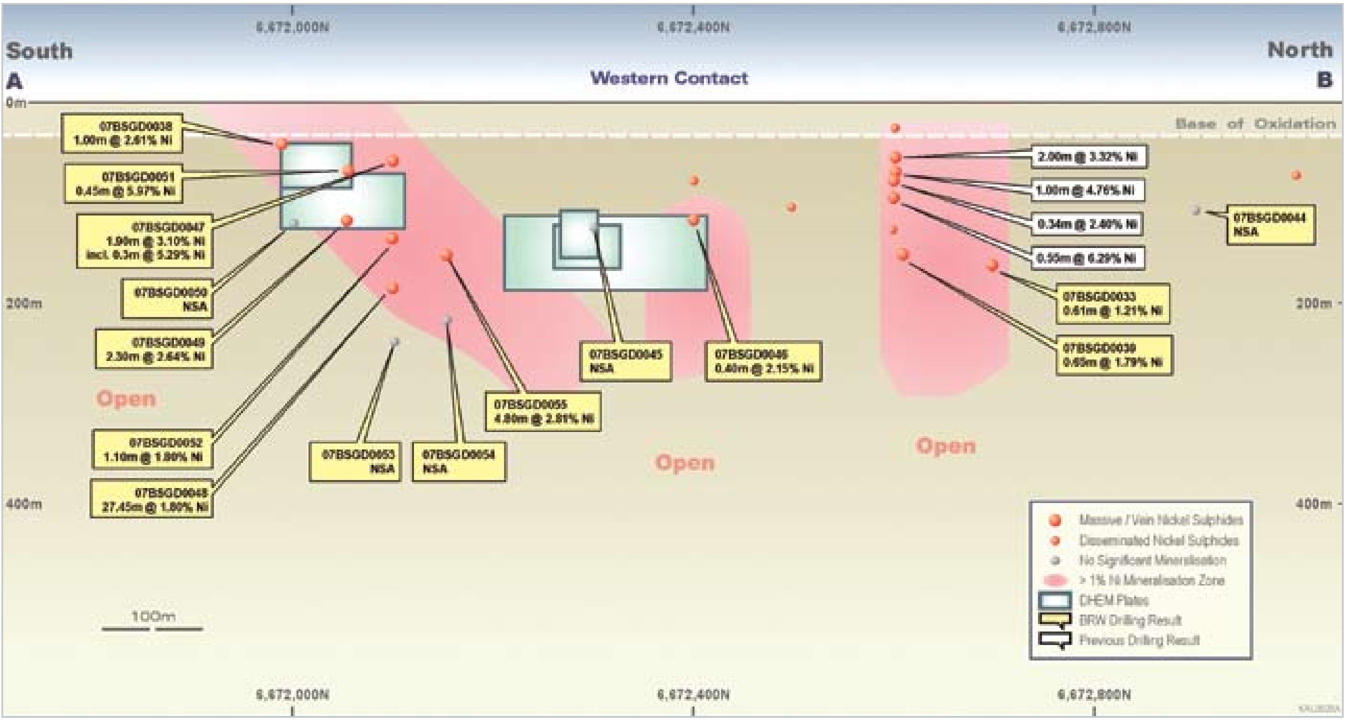


Figure 11: Western Contact Long Section

MIRANDA NICKEL PROJECT (100%)

The Miranda Nickel Project occupies an area of approximately 399km^2, immediately north of the township of Agnew and covers the interpreted southern extension of the Mt Goode Ultramafic Belt. The project is located some 40 kilometres northwest of Breakaway's Wildara Project and 6 kilometres south of Jubilee's Cosmos-Prospero nickel complex (approximately 450,000 tonnes of published contained nickel resources).

Owing to priorities on other core projects, exploration on Miranda during the year consisted of regional geological evaluation, geophysical surveying and compilation of regional data sets. Geological mapping throughout the project in mid 2008, identified a zone of high MgO, nickel prospective ultramafic rocks within the project's western flank, which may correlate with the Mount Goode Ultramafic Belt that hosts Xstrata's Cosmos-Prospero group of nickel deposits further north.

A Moving Loop TEM (MLTEM) geophysical survey over the prospective zone in late 2008 delineated two adjacent "bulls eye" conductors (Figure 12). Ground checking of the anomalies confirmed the co-incident occurrence of the TEM anomalies with high MgO ultramafics, and reinforced their importance as future drill targets.

Regional exploration drill data for the project tenements along strike from the TEM anomalies was received from the holder of the project's gold rights, Goldfields Australia Pty Ltd and at the time of writing was being incorporated into Breakaway's database to assist in the planning of future work programmes.

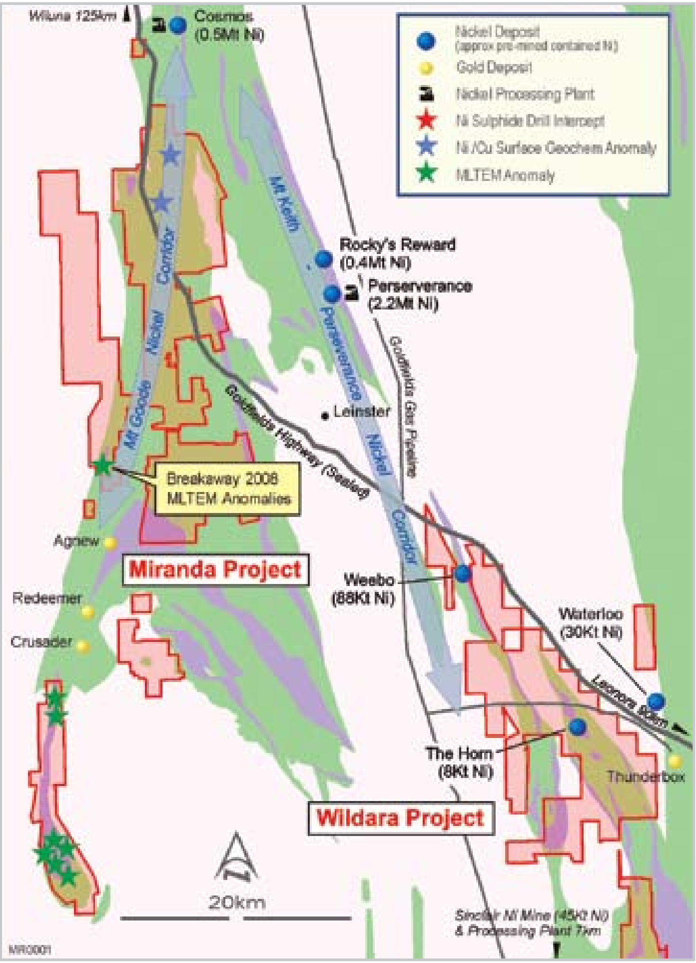


Figure 12: Miranda Project Tenement Location Plan

NICKEL: NON-CORE PROJECTS

KALGOORLIE NICKEL PROJECT (EARNING 60%)

As part of the Company's rationalisation of non-core projects, a decision was made by Breakaway to forfeit its right to earn a 60% interest in the nickel rights owned by Jackson Minerals Ltd (now known as Cauldron Energy Ltd) in the Kalgoorlie Nickel Project. The project is considered to be of a greenfields nature and requires a long term commitment to realise its full nickel potential.

MT FINNERTY NICKEL JOINT VENTURE (EARNING 60%)

In 2006, Breakaway entered into the Mt Finnerty Joint Venture with privately listed Barranco Resources NL to earn a 60% interest in the tenements by spending $2 million over 4 years. Whilst prospective for nickel sulphide mineralisation, the project is of a greenfields nature and does not represent a strategic fit with Breakaway's strategy of focussing its future exploration efforts within the Eastern Goldfields. Consequently on 16 July 2009, Breakaway sold its joint venture earn-in rights to Reed Resources Ltd for a total consideration of 500,000 fully-paid ordinary, non-escrowed, shares.

EAST KIMBERLEY PROJECT (60%)

The East Kimberley Nickel-Copper Project is a major exploration project that straddles the Great Northern Highway, covering a strike distance of about 110 kilometres and centred south of the township of Warmun, in the East Kimberley District. The project is a joint venture with Thundelarra Exploration Ltd, covering an area of approximately 1,000km^2, in which Breakaway owns a 60% interest.

The East Kimberley Project covers part of the Halls Creek Orogen, which is intruded by numerous Proterozoic ultramafic and mafic intrusive complexes with the potential to host significant nickel-copper deposits. Panoramic Resources Ltd's Savannah Nickel Deposit (Mineral Resource of 4.7 million tonnes at 1.48% Ni and 0.70% Cu) lies on a small excision within the tenements.

In addition, the region hosts the Copernicus Nickel-Copper Deposit (published Probable Reserve of 0.78 million tonnes grading 1.1% Ni and 0.7% Cu and 0.05% Co), which is the subject of a joint venture between Thundelarra and Panoramic, and the Panton PGE deposit (published resource of 14.3 million tonnes at 5.2g/t combined PGM's and gold), owned by Platinum Australia Ltd.

The ultramafic-mafic intrusions on the project tenements have been explored by a number of companies since the 1960's. From this work, both near-surface and sub-surface indications of nickel-copper-platinum group element mineralisation and airborne EM conductors were located. However, only limited follow-up drilling took place.

Activities for the reporting period comprised the flying of a high resolution (50 metre line spacing) aeromagnetic survey over the northern portion of the project area, geological reconnaissance and evaluation of drilling results obtained from a Reverse Circulation drilling programme undertaken by Breakaway on the Keller Creek Prospect during the first half of 2008 (Table 4).

The drill results confirm the occurrence of broad nickel-copper-cobalt system in which the mineralisation is mainly concentrated towards the base of the Keller Creek intrusion, and that the known mineralisation covers an area measuring 600 metres and over 300 metres down-dip on the northwestern margin of the intrusion. The margins of the system have not yet been defined and there is every probability that it could be more extensive. Also there is every potential for zones of greater sulphide concentration which remain to be discovered (Figure 13).

Following the completion of this drilling programme, the Company completed an evaluation of the risks and potential rewards of the broader East Kimberley Project area. As a result of this evaluation, Breakaway rationalised the area of its interest, which is held in joint venture with Thundelarra Exploration Ltd (40%). Breakaway reduced its ongoing involvement in the joint venture to the Keller Creek tenement only, which represents the most significant nickel prospect outside of the nearby Savannah Nickel Mine and Copernicus Deposit.

Breakaway's 60% interest in all other tenements has been transferred back to Thundelarra under the terms of the joint venture agreement. This decision provides a major benefit to Breakaway by reducing a substantial administrative and financial burden and ensuring focus on Breakaway's core projects.

Table 4: Keller Creek Prospect

Hole ID	Zone	Northing	Eastingaa	Azi °	Dip°	From	Width	Ni%	Cu%	Co%
08BEKC0014	Hanging wall	8,086,483	390,520	360	-60	49.0	1.0	0.53	0.16	0.05
"	Hanging wall	8,086,483	390,520	360	-60	58.0	3.0	0.59	0.22	0.06
"	Basal contact	8,086,483	390,520	360	-60	73.0	1.0	0.78	0.16	0.07
08BEKC0015	Hanging wall	8,086,489	390,520	360	-85	69.0	4.0	0.80	0.23	0.10
						including				
"	"	"		"	"	71.0	2.0	1.04	0.17	0.12
"	Hanging wall	8,086,489	390,520	360	-85	82.0	1.0	0.55	0.21	0.07
"	Basal contact	8,086,489	390,520	360	-85	93.0	8.0	0.72	0.24	0.08
						including				
"	"	"		"	"	94.0	2.0	1.00	0.10	0.11
"	"	"		"	"	99.0	2.0	1.03	0.18	0.11
08BEKC0016	-	8,086,500	390,600	0	-90	-	-	-	-	-
08BEKC0017	Hanging wall	8,086,500	390,600	180	-75	129.0	1.0	0.59	0.43	0.05
08BEKC0018	Hanging wall	8,086,451	390,480	0	-90	82.0	3.0	0.70	0.30	0.09
"	Hanging wall	8,086,451	390,480	0	-90	87.0	1.0	0.92	0.10	0.12
"	Basal contact	8,086,451	390,480	0	-90	91.0	3.0	0.75	0.15	0.10
						including				
"	"	"	"	"	"	91.0	1.0	1.06	0.18	0.13
08BEKC0019	-	8,086,400	390,450	90	-80	-	-			NSA
08BEKC0020	Basal contact	8,086,328	390,418	270	-75	119.0	4.0	0.78	0.38	0.08

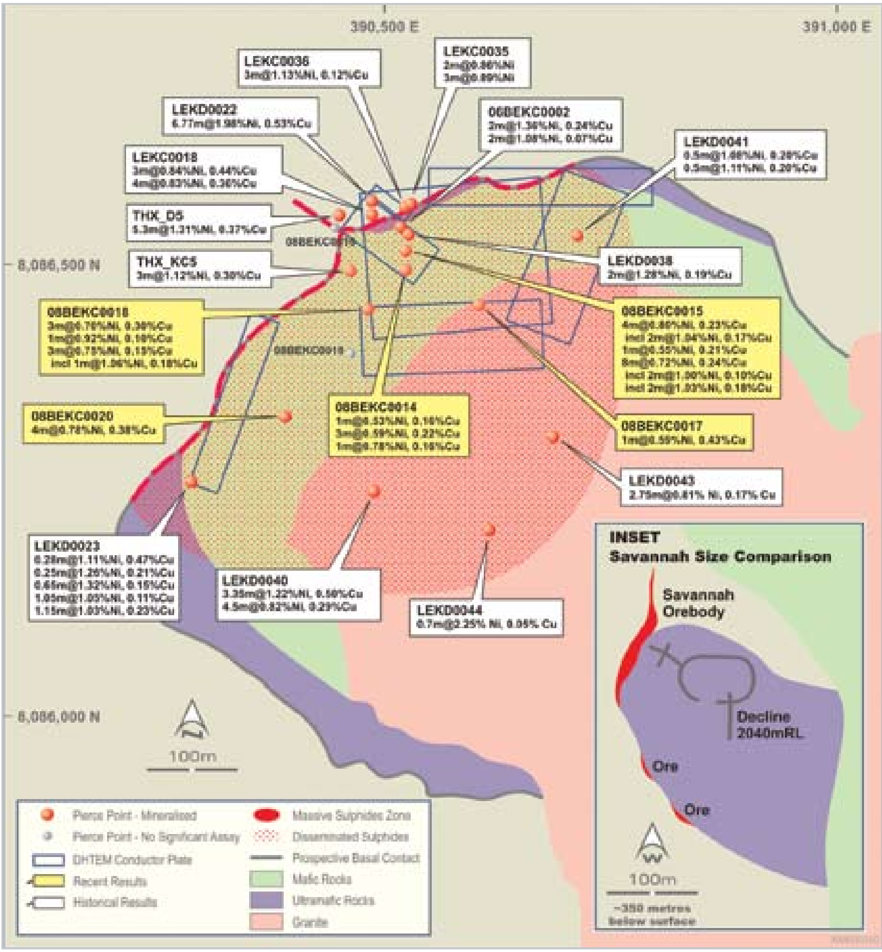


Figure 13: Keller Creek Drill Hole Location Plan

GOLD: CORE EXPLORATION PROJECTS

While nickel remains Breakaway's long term focus, the Company's Eastern Goldfields Projects are located in major gold corridors and contain a number of potentially significant gold targets. As a response to the prevailing economic conditions, the Company focussed its short term activities on assessing two high quality gold targets within the North Eastern Goldfields of Western Australia. The gold focus reflected the Company's view that gold exploration success was most likely to drive shareholder value for the Company in the economic and commodity price environment present at the time.

Following a review of the Company's projects, the Spargos Reward and the South Scotia Gold Targets, located on the West Kambalda and Scotia Projects respectively, were chosen as priorities for immediate follow up (Figure 14).

WEST KAMBALDA PROJECT (100%)

West Kambalda Gold Joint Venture (Barra Resources Limited earning 70%)

No further gold exploration was carried out by Barra Resources Limited under a farm-in arrangement to earn a 70% interest in the gold rights owned by Breakaway at West Kambalda. The joint venture arrangements required a minimum exploration commitment of A$750,000 to be spent within the first 12 months (commencing December 2007) and A$2.5 million on exploration over two and a half years. Barra Resources were unable to meet expenditure obligations and a decision was made to terminate the farm-in arrangement in December 2008, resulting in Breakaway resuming all rights on the project.

Prior to cessation of the joint venture, Barra Resources conducted a drilling programme in June 2008 to test for possible extensions to known mineralisation proximal to the existing workings at the Spargos Reward Gold Deposit. As previously reported, a number of significant wide high-grade intersections were obtained. All data and material pertaining to Barra's exploration work was received and integrated into the Breakaway exploration database.

Figure 14: Eastern Goldfields Location Plan Showing Scotia and West Kambalda Projects

Spargos Reward Gold Target

The Spargos Reward Gold Target comprises the historic Spargos Reward Gold Mine and surrounding areas and is located within the northern half of Breakaway's 100%-owned West Kambalda Exploration Project, 25 kilometres southwest of Kambalda, and immediately west of the sealed Coolgardie – Esperance Highway.

The Spargos Reward Deposit is located on the general trend of the Kunanalling Shear, a regional shear zone that hosts significant mineralisation 20 kilometres to the north at Ghost Crab (1999 Total Resources of 1.2Mozs Au @ 4.7g/t Au), and 16 kilometres to the south at Wattle Dam (2008 Total Resources of 83,200 ozs @ 4.8g/t Au). The deposit was previously mined to a vertical depth of 120 metres (underground and open pit) with total production of 29,257 ounces @ 8g/t Au.

Geological modelling indicates that there is excellent potential to extend the deposit both at depth and along strike, with only broad spaced drilling completed by previous explorers. An 11-hole Reverse Circulation drilling programme (840 metres) was carried out to further test near surface positions over a total strike length of 500 metres, centred on the existing open pit and to a vertical depth of 50 metres.

Drilling was completed in early July 2009 and successfully confirmed the Company's geological model for the Spargos Reward Gold Target as a broad system of near-surface, structurally controlled gold mineralisation, which is continuous over the entire 500 metre strike length tested. All holes intersected targeted positions returning significant intercepts shown in Table 5 and Figure 15.

The Spargos Reward mineralisation and host structure lies within a linear magnetic feature that continues south of the recent drilling. The intercept in the southern most drill hole 09BKWC011 of 2m @ 2.27g/t Au from 61 metres indicates that the system remains along strike and that this area offers excellent exploration potential.

The results build on the intersections previously obtained and confirm that the Spargos Reward Gold Target represents an extensive gold system offering significant potential upside from ongoing exploration. The next steps for exploration are likely to include a re-assessment of the southern continuation of the Spargos Reward magnetic feature to determine the potential for additional along-strike, near-surface extensions of the known mineralisation.

Table 5: Spargos Reward Gold Target

Hole ID	Lode	Northing	Easting	Azi° Mag	Dip °	From	Downhole Width (m)	Grade Au (g/t)
09BKWC001	Main	6,543,022	354,174	270	-60	32.0	4.0	0.59
09BKWC002	Main	6,543,041	354,178	270	-60	50.0	1.0	1.70
09BKWC003	Main	6,543,058	354,185	270	-65	64.0	2.0	1.53
09BKWC004	West	6,543,249	354,192	270	-65	59.0	1.0	1.33
09BKWC005	West	6,543,263	354,196	270	-65	61.0	2.0	1.06
09BKWC006	West	6,543,288	354,179	270	-65	26.0	1.0	5.29
09BKWC007	West	6,543,255	354,164	270	-65	21.0	8.0	3.11
						including		
"	"	"	"	"	"	27.0	2.0	10.14
09BKWC008	West	6,543,384	354,212	270	-65	69.0	2.0	2.49
09BKWC009	West	6,543,447	354,201	270	-65	8.0	1.0	1.13
09BKWC010	Main	6,543,093	354,208	270	-65	86.0	8.0	2.89
						including		
"	"	"	"	"	"	86.0	2.0	6.65
09BKWC010	West	"	"	"	"	97.0	3.0	1.68
09BKWC011	Main	6,542,963	354,160	270	-65	61.0	2.0	2.27

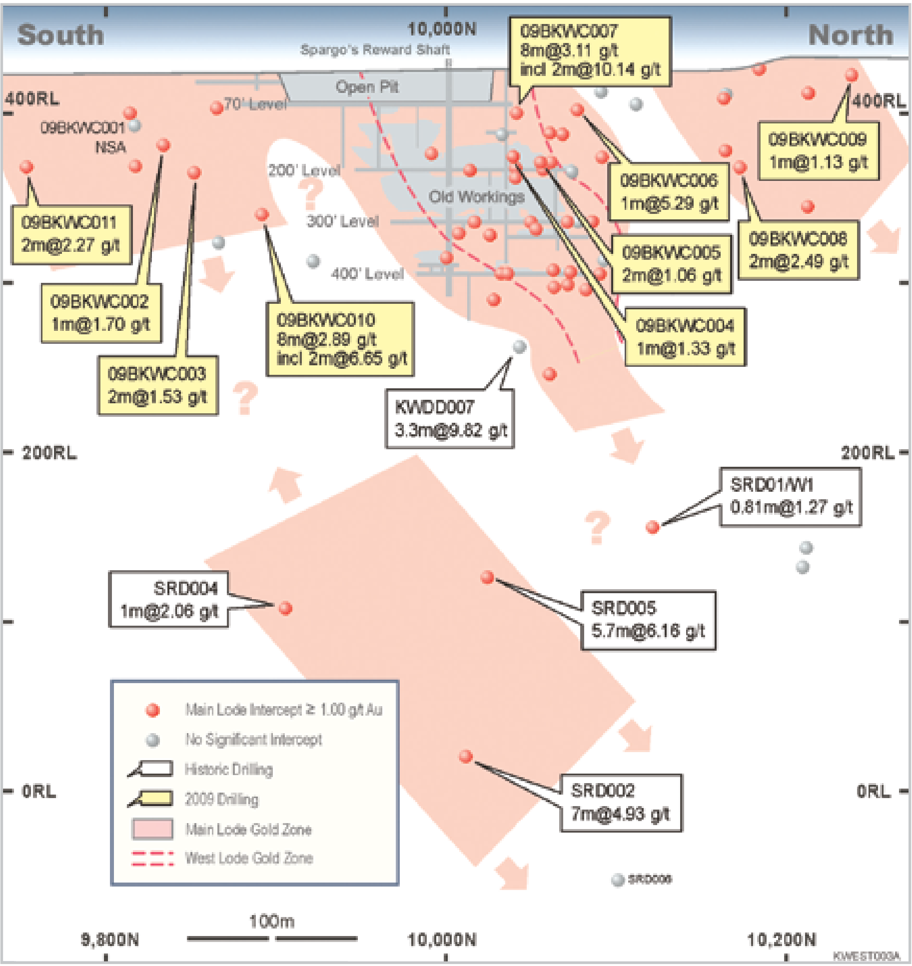


Figure 15: Spargos Reward Deposit Long Section Showing Pierce Points from Recent Drilling

SCOTIA PROJECT (100%)

Scotia Gold Target

Breakaway has identified the Scotia Gold Target as an attractive gold exploration opportunity. The target, which forms part of Breakaway's 100%-owned Scotia Exploration Project, is located on two granted Mining Leases approximately 70 kilometres northwest of Kalgoorlie and 10 kilometres from the sealed Goldfields Highway.

The Scotia Gold Target covers an approximate 9 kilometre strike length of the Bardoc Shear Zone, a significant regional structure which hosts numerous deposits including the major +5Moz Paddington Gold Mine approximately 20 kilometres to the south (which includes a 3Mtpa treatment facility).

While exploration activities in the area have focused primarily on nickel sulphides over the past ten to fifteen years, numerous gold prospects were also discovered during this period, some of which have never been fully evaluated. These include three discrete surface geochemical anomalies known as "Nova Scotia", "British Columbia" and "South Scotia".

The anomalies are considered to be in-situ and, where previously drilled on 100 metre sections, have been shown to directly overlie bedrock gold mineralisation. At the time of writing, Reverse Circulation drilling was underway to further test the anomalies by infilling and extending existing drilling both down dip (to a vertical depth of 120 metres) and along strike.

The location of this target on two granted Mining Leases and close to existing infrastructure and services, as well as their proximity to major existing treatment facilities, make this a priority opportunity for the Company's gold exploration strategy.

REGIONAL GOLD TARGETS

A project review has also identified a number of coherent zones of bedrock gold anomalism (≥ 0.5g/t Au) throughout the Company's exploration portfolio. The targets have been generated from historical exploration activities, which also require follow up. These targets provide an attractive pipeline of gold exploration opportunities in addition to the priority targets identified at Scotia and West Kambalda.

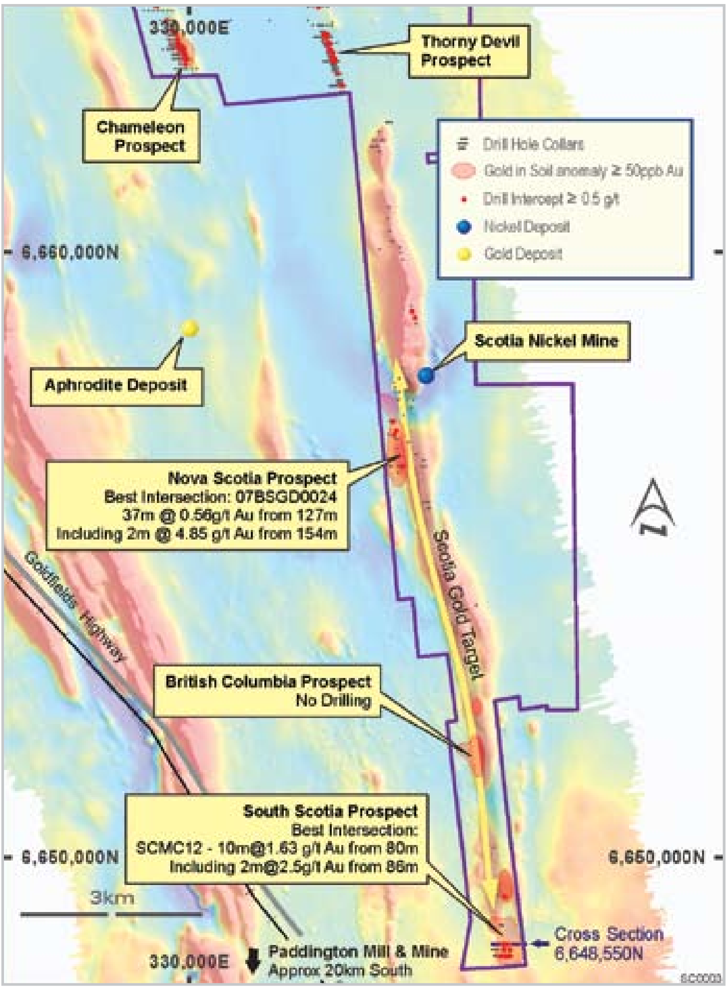


Figure 16: Scotia Gold Target Surface Anomalies

BASE METALS: CORE PROJECTS

ELOISE EXPLORATION PROJECT - QUEENSLAND (100%)

Background and Geology

Breakaway's interests in the highly prospective Eloise area, which cover a well mineralised portion of the Eastern Succession of the Mount Isa Inlier, some 70 kilometres southeast of the township of Cloncurry, comprise:

- The 100%-owned Eloise Exploration Project covering an area of approximately 350km^2 over the highly prospective Middle Proterozoic Soldiers Cap Group, which hosts the Altia lead-silver discovery and a series of base and precious metal prospects, immediately adjacent to the Eloise Copper Mining Operation. The surrounding region also hosts a number of major base and precious metal deposits, including Ernest Henry (copper-gold) to the north and Cannington (lead-zinc-silver) and Osborne (copper) to the south.
- A 30% Net Profit Interest in the Eloise Copper Mine which is located on two Mining Leases situated on the eastern boundary of the 100% owned Eloise Exploration Project.

The Eloise Exploration Project tenements cover several major, interpreted structural domains, including the adjacent Levuka and Maronan structural corridors which host the Eloise Copper and Altia Lead-Silver Deposits, demonstrating their prospectivity for Iron Oxide Copper-Gold (IOCG) and Broken Hill Type (BHT) mineralisation. The potential for this style of mineralisation is further confirmed regionally by BHP Billiton's Cannington Lead-Zinc-Silver deposit, located approximately 100 kilometres to the south of the project and the Maronan lead-silver mineralisation, located 10 kilometres to the south (which is currently being evaluated by a joint venture between Red Metal Ltd and BHP Billiton).

The western side of the Eloise Project area is dominated by the Middle Creek Anticline where a number of gold and base metal occurrences – including Sandy Creek, Roberts Creek, and Surprise Ridge – have been identified by previous exploration.

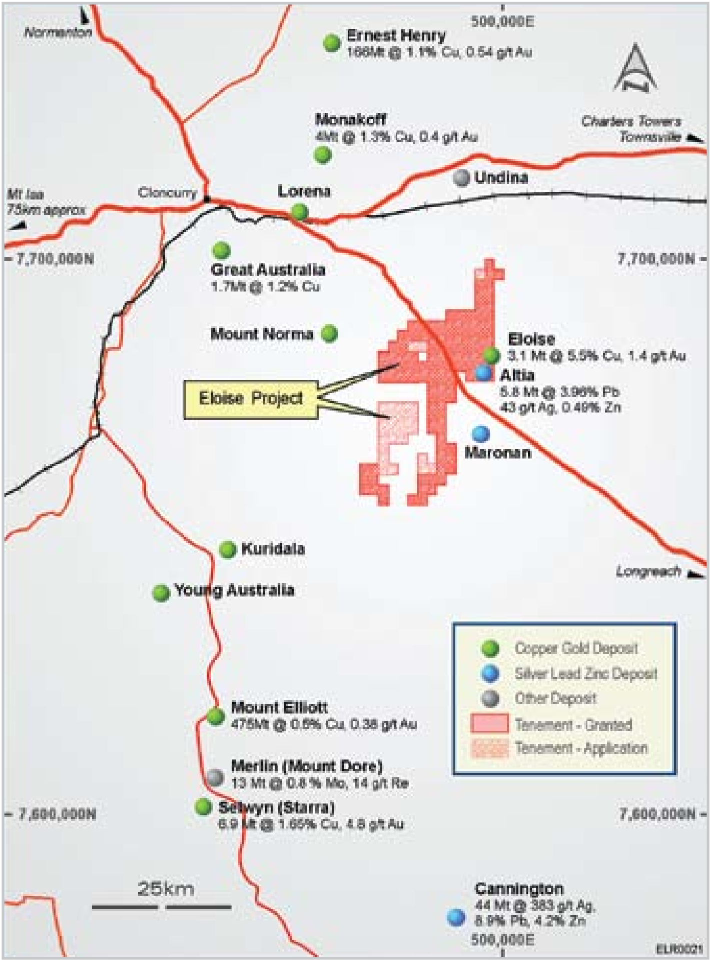


Figure 17: Eloise Exploration Project Location Plan

Historic exploration within the Eloise Project area was carried out in several phases, mainly during the 1980's and early 1990's. While previous exploration of the project area was superficial in a number of respects, it was sufficiently widespread and locally detailed to highlight the regional potential through the discovery of the Eloise Copper Deposit, evidence of the Altia lead-silver mineralisation and numerous other base and precious metal anomalies.

Since those discoveries, there has been a 10-year hiatus in exploration of the region, mainly due to low commodity prices and a related industry-wide decline of interest in exploration. Breakaway has resumed exploration over the area, taking advantage of the results of earlier work to further unlock the potential of the project. The potential has been highlighted with the delineation of a major zone of lead-silver mineralisation at Altia.

Exploration Activities

A diamond drilling programme designed to explore for new copper-gold occurrences, located over a 4 kilometre strike extent immediately south of the Eloise Mine, commenced in mid 2008, was suspended well before completion in response to the deterioration of the global financial markets in late 2008. The completed holes intersected widespread favorable evidence for copper mineralisation. This included intersections up to 1.96% Cu over narrow intervals, as well as the lithological sequences and alteration zones comparable to the immediate environs to the Eloise Deposit (Table 6). Many other copper-gold and lead-silver targets remain to be tested at the project.

Table 6: Eloise –South Diamond Drilling

Hole ID	Northing	Easting	Azi° Mag	Dip °	From	Downhole Width (m)	Grade (%)					
							Pb (%)	Ag (g/t)	Zn (%)	Cu (%)	Ni (%)	Au (g/t)
08BERD0043	7,680,500	497,515	266	-70	173.0	1.00				1.96		0.96
"	"	"	266	-70	156.0	1.00				0.02		2.16
"	"	"	266	-70	180.0	4.00				0.61		0.07
"	"	"	266	-70	204.0	1.00				0.61		0.04
"	"	"	266	-70	234.0	1.00				0.53		0.05
08BERD0044	7,680,800	497,555	270	-61	501.0	1.00				0.04		0.58
08BERD0045	7,681,200	497,450	270	-61			No significant intercepts					
08BERD0046	7,680,000	497,350	270	-62			No significant intercepts					
08BERD0047	7,698,000	497,300	270	-61			No significant intercepts					
08BERD0048	7,698,000	497,450	270	-60	113.0	1.00	0.16		1.6	0.20		
08BERD0049	7,681,500	497,500	270	-60	82.0	1.00	0.04		0.06			
08BERD0050	7,681,500	497,650	270	-60			No significant intercepts					
08BERD0051	7,681,501	497,652	270	-60			No significant intercepts					
08BERD0052	7,681,502	497,668	270	-61			No significant intercepts					
08BERD0053	7,681476	497,168	90	-60			No significant intercepts					

Breakaway is considering partnership opportunities on this project to unlock the potential beyond the Eloise Copper Deposit and the Company's 100% owned Altia Lead-Silver Deposit (Cannington style) where in January 2008, the Company announced a JORC Code compliant Inferred Resource of 5.78Mt @ 3.96% Pb, 40.3g/t Ag, and 0.49% Zn (see Notes Specific). The deposit has been drilled over 500 metres strike length to a nominal depth of 200 metres and remains open along strike and down dip.

ELOISE NET PROFIT ROYALTY

The Company holds a 30% net profit royalty interest in the Eloise Copper Mine and the surrounding Mining Leases (covering a total area of 5km^2) as a condition of the sale of the operation in February 2004 to FMR Investments Pty Ltd.

During 2007 and 2008 the mine undertook and successfully completed a series of major capital initiatives, including substantially increasing the mineral resource, major improvements to the overall ventilation system, development to access and mine new ore blocks and in particular the Eloise Deeps block and expansion of the tailings capacity. The objective of initiatives was to increase the life of the mine and in particular to allow the mine to progress at depth and access the large Eloise Deeps potential (below 1050 vertical metres from the surface). This short term shift in emphasis resulted in a significant reduction in mine production (resulting in a temporary curtailment of royalty earnings).

At the time of writing the Total Mineral Resource for the Eloise Copper Mine stood at 3.2Mt @ 3.1% Cu, 0.8ppm Au, and 10ppm Ag (99Kt contained Cu metal).

Confidence Category	Tonnes ('000's)	Copper (%)	Gold (ppm)	Silver (ppm)	Contained Copper (tonnes)
Mineral Resource (mining depleted)					
Indicated	2,816	3.1	0.8	9.8	87,296
Inferred	400	3.0	1.0	10.9	12,000
Total	**3,216**	**3.1**	**0.8**	**10.0**	**99,296**

** The Mineral Resource for the Eloise Copper Mine is mining depleted and has been calculated by subtracting the production tonnage figure provided by FMR for the 12 months ending 30 June 2009 (see below) from the Indicated component of the Mineral Resource of 3.5Mt @ 3.1% Cu, 0.8ppm Au, and 10ppm Ag (108Kt contained Cu metal) originally reported by Breakaway on 31 July 2008.*

Due to changes in economic conditions, the Eloise Copper Mine Ore Reserve previously published by Breakaway on 31 July 2008, requires a substantial review to be undertaken and for that reason it is not published within this Annual Report.

Not withstanding the achievements over the past two years, FMR notified Breakaway of its decision to place the mine on temporary care and maintenance from the end of December 2008 in response to the sharp fall in the copper price. FMR made this decision to preserve and maximise the future value of the deposit. FMR estimates that the mine can be managed on a care and maintenance basis for a modest annual cost until the decision is made to resume production.

This decision does not impose any capital or operating liabilities on Breakaway. FMR continue to monitor market conditions and will reassess the mine once confidence in a sustained higher copper price returns. The Company supports FMR's decision on the basis that it is commercially responsible under the current economic circumstances. However, it will defer future possible payments to Breakaway under its 30% net profit royalty interest in the operation. Due to future uncertainties, Breakaway has not factored any royalty receipts into its cash flow forecasts.

Production statistics provided by FMR for the 12 months ending 30 June 2009 are summarised, as follows:

	Sept 2008 Qtr	Dec 2008 Qtr	Mar 2009 Qtr	Jun 2009 Qtr	YTD 2008-09
Mined Tonnes	168,795	114,840	-	-	283,635
Milled Tonnes	147,007	109,828	-	-	256,835
Concentrate Produced Tonnes	13,383	7,575	-	-	20,958
Recovered Copper	3,683	2,547	-	-	6,230
Copper Recovery %	93%	93%	-	-	93%

NOTES SPECIFIC

RESOURCE ESTIMATION OF THE 1A NICKEL DEPOSIT, WEST KAMBALDA PROJECT:

Optiro Pty Ltd: April 2009 1A Nickel Resource Table (Reported at 0.8% Ni C.O.G., Depleted for Mining)

Type	Indicated		Inferred		Total		
	Tonnes	%Ni	Tonnes	%Ni	Tonnes	%Ni	NiMT
Oxide	-	-	8,000	1.2	8,000	1.2	90
Transition	-	-	133,000	2.1	133,000	2.1	2,790
Fresh	-	-	-	-	-	-	-
Total	**-**	**-**	**141,800**	**2.0**	**141,800**	**2.0**	**2,880**

The resource estimate was completed using the following parameters:

- The resource area extends over a strike length of 300m (from 1,850mN to 2,150mN, and 1,800mE to 2,250mE) and include the 730m vertical interval from -350mRL to +380mRL (Natural surface is approximately +380mRL).
- The resources have been compiled using the Mine_1A local co-ordinate system.
- The resources used surface diamond, RC and underground diamond holes within the resource area, as tabulated below:

Resource	Number of Holes	Metres
Surface DDH	63	21,319.8
Surface RC	1	49.4
U/G DDH	2	39.5
Total	**66**	**21,408.7**

- Exploration drillhole density ranged from 20m to 50m strike spacing and 15-30m across strike. The underground drilling consisted of short holes from development.
- Diamond holes were sampled selectively through mineralised zones. Sample intervals inside the resources ranged from 0.12m to 6.62m.
- Intervals for sampling were selected on the basis of geology. Sample preparation involved jaw crushing, riffle splitting to obtain a sub sample then pulverisation.
- Samples were analysed at an external laboratory with an acid digest and analysis by "ICP-OES". Au, Pt and Pd were analysed by 40 gram fire assay. Internal QA/QC protocols are carried out by the laboratory.
- The collars for the BRW 2007 and 2008 drillholes appear to have been surveyed by DGPS with sub-meter accuracy. The DGPS surveyed positions of some historic survey stations, historic collars and the shaft positions were spatially adjusted with historic collar plans to regenerate the mine grid to pair with MGA-51. The RL's of the surveyed features were used to create a DTM surface the RL's of historic holes that had no accuracy survey were draped to this surface. Gyroscopic downhole surveys were conducted on all recent drillholes during the drilling programme and the results are stored in the Acquire database. Historic drilling with downhole surveys were taken from original logs which used an acid-etc/tropari method. Underground holes were unsurveyed to their short length.
- Wireframes were constructed based on three dimensional interpretations, and used a nominal 0.8% Ni cut off with no edge dilution and a minimum 0.2m downhole width.
- Geological features were interpreted from drillhole geology logs. Digitised points were snapped to drillholes and interpreted points added to form boundary points, or to define extents.
- Samples within the wireframes were composited downhole to the full width of the mineralisation (seam compositing).
- Specific Gravity values were present for 110 of the 248 raw assay samples within the resource. These were used to prepare a linear regression line, and a calculated SG field was added to the database. Existing measured SG values were used to populate the field, and the regression formula used to calculate the remaining SG values based on the nickel raw assay value. These were then used to density weight the nickel composite values.
- A Surpac rotated block model was used for the estimate with a block size of 25m NS x 25m EW x 5m vertical with sub-cells of 3.125m x 3.125m x 0.3125m. The model was rotated to the orientation of the mineralisation with a dip of -45° to the west and an origin of 1,800mN, 1,900mE and -150mRL.

NOTES SPECIFIC CONTINUED

- The ID2 grade interpolation used ellipsoidal search ellipses. The first pass ellipses had a radius of 30m, with a semi-major and minor factor of 2:6. Second pass interpolations used a radius of 60m, with a 2:6 axial ratio. A small number of unestimated blocks were assigned the attributes of the nearest samples.
- Bulk density values were interpolated from length weighted SG values, using the same estimation parameters as the grade interpolation.
- Modelling of the porphyry occurrences showed little in the way of clearly continuous zones of intrusive bodies. It is noted that there is an increase in the amount of intrusive logged in the northern drillholes, and this is thought to be related to the late stage E-W fault, manifesting as steep dykes in this area. No mineralisation was intersected by significant porphyry.
- Resource classification codes were assigned to the block model with "3" for Inferred Mineral Resources.
- Mining depletion was flagged with values of "0" for insitu, and "1" for depleted.

RESOURCE ESTIMATION OF THE HORN DEPOSIT, WILDARA PROJECT:

The resource estimate was completed by Breakaway Resources Limited in accordance with the 2004 Guidelines of the Australasian Joint Ore Reserves Committee (JORC) Code for reporting Mineral Resources and Ore Reserves (JORC, 2004).

Tonnes	Ni (%)	Cu (%)	Pd+Pt (g/t)	Ni Metal (t)	Cu Metal (t)	Contained 2PGE's (oz)
600,000	1.39	0.30	0.5	8,300	1,800	10,000oz

Methodology:

The resource estimate is based on 11 diamond and 1 RC drill holes carried out on a nominal 50m by 50m spacing, cross sectional interpretations of the geology and systematic assaying by an experienced, reputable commercial laboratory. The deposit boundary was defined by a 0.5% Ni cutoff grade which coincides with the geological boundary of disseminated/matrix sulphides.

The estimate adopted a conventional, cross-sectional, polygonal technique. Individual blocks were defined around drill hole intersections with block boundaries on and between cross sections defined by the midpoints with adjacent holes and geological constraints. Block volumes were estimated by digitising the cross sectional areas of the blocks multiplied by their lengths. The tonnage for each block was estimated using the volume and averaged length weighted density measurements for individual drill hole samples forming the selected intersection. Block grades were estimated from averaged length and density weighted assays for each block intersection.

RESOURCE ESTIMATION OF THE ALTIA LEAD-SILVER 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 5.78Mt @ 3.96% Pb, 40.3g/t Ag and 0.49% Zn has been estimated for the Altia Deposit.

Lens	Tonnes (Mt)	Pb (%)	Contained Pb Metal (kg)	Ag g/t	Contained Ag (oz)	Zn (%)	Contained Zn Metal (kg)
Lens 1 (Upper)	3.91	4.06	158,672	32.3	4,072,299	0.43	16,900
Lens 2 (Lower)	1.87	3.77	70,286	57.1	3,434,654	0.62	11,609
Total	**5.78**	**3.96**	**228,958**	**40.3**	**7,506,953**	**0.49**	**28,509**

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

Methodology:

Estimation of lead, silver 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 2.0m 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 10mE x 50mN x 25m 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 lead, silver and zinc grades for each block by the estimated tonnage for each lens within each block.

NOTES SPECIFIC CONTINUED

RESOURCE ESTIMATION OF THE ELOISE DEEPS, ELOISE PROJECT:

The Mineral Resource is based on estimates completed by FMR mine staff. The estimate was reviewed by Mr Peter Buck on behalf of Breakaway Resources Limited, who concluded that it satisfies the 2004 Guidelines of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Due to changes in economic conditions, the previously published Reserve requires a substantial review to be undertaken and for that reason it is not published within this Annual Report.

Confidence Category	Tonnes ('000's)	Copper (%)	Gold (ppm)	Silver (ppm)	Contained Copper (tonnes)
Mineral Resource (announced 31 July 2008)					
Indicated	3,100	3.1	0.8	9.8	96,100
Inferred	400	3.0	1.0	10.9	12,000
Total	**3,500**	**3.1**	**0.8**	**10.0**	**108,100**
Mined 08_09FY	284	3.1	0.8	9.8	
Mineral Resource (mining depleted)					
Indicated	2,816	3.1	0.8	9.8	87,296
Inferred	400	3.0	1.0	10.9	12,000
Total	**3,216**	**3.1**	**0.8**	**10.0**	**99,296**

The Mineral Resource reported in this Annual Report for the Eloise Copper Mine is mining depleted and has been calculated by subtracting the production tonnage figure provided by FMR for the 12 months ending 30 June 2009 from the Indicated component of the Mineral Resource of 3.5Mt @ 3.1% Cu, 0.8ppm Au, and 10ppm Ag (108Kt contained Cu metal) originally reported by Breakaway on 31 July 2008. The production tonnage has been depleted at an averaged Resource grade.

GOLDFIELDS EXPLORATION RESULTS:

Wildara Project Exploration Results:

i. 08BWDC = RC Percussion hole
ii. Intersections are not weighted by bulk density measurements
iii. NSA – No significant assays
iv. ABN - Abandoned

West Kambalda Project Exploration Results:

i. 08BWKD = Diamond hole
ii. Intersections are length and density weighted
iii. NSA – No significant assays

Methodology - Nickel:

All Reverse Circulation drill hole results were obtained from analysis of 1 metre samples. Sample quality in all cases was good and dry. All samples were prepared and analysed at UltraTrace's Perth facility using dual stage crush and pulverisation. Analysis was by four acid digest and ICP/OES finish (ICP102, Ni, Cu, Cr) and fire assay/ICPMS finish (FA003, Au, Pt, Pd).

All Diamond drill hole results were obtained from half NQ core. No core loss was present through the sampled intervals quoted above. All samples were prepared and analysed at the Perth laboratory facilities of Ultra Trace Pty Ltd. Following pulverisation (robotic vibrating disc pulveriser), matrix and massive sulphide samples were cast using a 12:22 flux (Sodium Nitrate) to form a glass bead and analysed by XRF. Disseminated sulphide samples were subject to a four acid digest and analysed by ICPOES.

Gold and precious metals were determined for both sulphide types by firing a 40-gram portion of the sample and analysing the sample by ICPMS.

Drill intercepts are typically reported using a 1% Ni bottom cut off. Density values were calculating by the "weight in air – weight in water" method on half NQ core samples selected for analysis.

The location of drill holes were determined using a handheld GPS achieving +/- 4-metre accuracy and reading AMG coordinates (AGD datum). Downhole surveys were obtained every 30 metres downhole using an Eastman single shot survey camera.

NOTES SPECIFIC CONTINUED

GOLDFIELDS EXPLORATION RESULTS CONTINUED

Methodology - Gold (2009 only):

All Reverse Circulation drill hole results were obtained from analysis of 1 metre samples, with the exception of 09BKWC001 (4 metre composite samples). Sample quality in all cases was good and dry. All samples were prepared at Genalysis Pty Ltd's Kalgoorlie Sample Preparation facility using a dual stage crush and pulverisation technique. Gold analysis (0.01ppm detection limit) was carried out at their Perth laboratory by firing a 50 gram portion of the sample and analysing the sample by AAS (FA50/AAS).

Drill intercepts are typically reported using a 0.5g/t Au bottom cut off.

The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy and reading MGA coordinates (GDA 1994, MGA Zone 51). End of hole surveys were obtained using an Eastman single shot survey camera.

EAST KIMBERLEY PROJECT EXPLORATION RESULTS:

i. 08BEKC = RC Percussion hole, 08BEKD = Diamond hole

ii. Intersections are not weighted by bulk density measurements

Methodology:

All Reverse Circulation drill hole results were obtained from analysis of 1 metre samples. Sample quality in all cases was good and dry. All samples were prepared and analysed at UltraTrace's Perth facility using dual stage crush and pulverisation. Analysis was by four acid digest and ICP/OES finish (ICP102, Ni, Cu, Cr) and fire assay/ICPMS finish (FA003, Au, Pt, Pd).

All Diamond drill hole results were obtained from half NQ core. No core loss was present through the sampled intervals quoted above. All samples were prepared and analysed at the Perth laboratory facilities of Ultra Trace Pty Ltd. Following pulverisation (robotic vibrating disc pulveriser), matrix and massive sulphide samples were cast using a 12:22 flux (Sodium Nitrate) to form a glass bead and analysed by XRF. Disseminated sulphide samples were subject to a four acid digest and analysed by ICPOES.

Gold and precious metals were determined for both sulphide types by firing a 40-gram portion of the sample and analysing the sample by ICPMS.

Drill intercepts are typically reported using a 1%Ni bottom cut off. Density values were calculating by the "weight in air – weight in water" method on half NQ core samples selected for analysis.

The location of drill holes were determined using a handheld GPS achieving +/- 4-metre accuracy and reading AMG coordinates (AGD datum). Downhole surveys were obtained every 30 metres downhole using an Eastman single shot survey camera.

ELOISE EXPLORATION RESULTS:

iii. 08BERD = Diamond hole

iv. No SG weighting

Methodology:

All Diamond drill hole results were obtained from half NQ core. No core loss was present through the sampled intervals quoted above. All samples were prepared at ALS-Chemex's Townville facility using dual stage crush and pulverisation, and assays at ALS-Chemex's Brisbane laboratory using a 0.25g multi acid (+HF) digest and ICPAES finish (ME-ICP61). Samples with values greater than 1% Pb, 1% Zn and/or 100ppm Ag are subject to a repeat 0.5g ore grade aqua regia digest and ICPAES finish (ME-OG46).

Drill intercepts are reported using a 1% Pb bottom cut-off where appropriate. No statistical cutting was applied to the silver grades in the absence of mineralogical justification and a more representative sample population. No specific gravity measurements have been collected to weight estimates of average grades. The location of drill holes were determined using a handheld GPS achieving +/- 4 metres accuracy and reading AMG co-ordinates (AGD84 datum). Downhole surveys were conducted every 30 metres downhole using an Eastman single shot survey camera.

COMPETENT PERSONS CONSENTS

As required under the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves:

The information in this report that relates to **Exploration Results** was prepared and compiled by Mr David Hutton, who is a full time employee of the Company. Mr Hutton is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has the necessary experience to be classed 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 Hutton consents to the inclusion of the matters based on information in the form and context in which it appears in this report.

The information in this report that relates to Mineral Resources or Ore Reserves for the **Horn Nickel Sulphide Deposit** is based on information compiled by Mr David Hutton, who is a full time employee of the Company. Mr Hutton is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has 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. Mr Hutton consents to the inclusion of the matters based on information in the form and context in which it appears in this report.

The information in this report that relates to Mineral Resources or Ore Reserves for the **1A Nickel Deposit** is based on information compiled by Mr Mark Drabble and Mr Ian Glacken who are both corporate Members of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Drabble and Mr Glacken are both full time employees of Optiro Pty Ltd and have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are 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 Drabble and Mr Glacken consent to the inclusion of the matters based on information in the form and context in which it appears in this report.

Geological interpretation and resource estimation of the **St Patricks Deposit** was completed by Mr Ingvar Kirchner, Manager Resource Geology Perth for Coffey Mining Pty Ltd (merged with RSG Global Consulting Pty Ltd). Data collection procedures and data verification required for estimation of the St Patricks Deposit was completed by Mr Peter Buck, former Managing Director of Breakaway Resources Limited, and former Director-Geology, LionOre Australia Pty Ltd. Both Mr Kirchner and Mr Buck are Members of the Australasian Institute of Mining and Metallurgy (MAusIMM) and have the necessary experience to be classed as a Competent Person under the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Kirchner and Mr Buck consent to the inclusion of this information in the form and context in which it appears in this report.

The information in this report that relates to the estimation of the **Eloise Deeps Mineral Resource** was prepared by FMR mine staff and verified on behalf of Breakaway Resources Limited by Mr Peter Buck, former Managing Director of Breakaway Resources Limited. Mr Buck is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience 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 Exploration Results, Mineral Resources and Ore Reserves". Mr Buck consents to the inclusion of the matters based on information provided and in the form and context in which it appears in this report.

The information in this report that relates to the estimation of the **Altia Mineral Resource** was compiled by Mr Justin Watson, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Watson is a full time employee of Snowden Mining Industry Consultants 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 report.

Mineral Tenement Schedule

Bungalbin Project	
Tenement	Interest %
M 7700580	100%

East Kimberley JV	
Tenement	Interest %
E 8002836	60%
E 8003673	10%

Eloise Project	
Tenement	Interest %
EPM 14472	100%
EPM 14895	100%
EPM 15164	100%
EPM 15307	100%
EPM 15873	100%
EPM 17838(a)	100%

Kambalda West Project	
Tenement	Interest %
E 1500967	100%
E 1500968	100%
L 1500128	100%
L 1500255	100%
M 1500395	100%
M 1500703	100%
P 1504300	100%
P 1504876	100%
P 1504877	100%
P 1504878	100%
P 1504879	100%
P 1504880	100%
P 1504881	100%
P 1504882	100%
P 1504883	100%
P 1504884	100%
P 1504885	100%
P 1504886	100%
P 1504963	100%
P 1504299(a)	100%

Meekatharra Project	
Tenement	Interest %
E 2000657	100%
P 2002008	100%
P 2002013	100%
E 5100859(a)	100%

Miranda Nickel Project			
Tenement	Interest %	Tenement	Interest %
E 3600572	100%	P 3601569	100% of Base Metal Rights
M 3600123	100%	P 3601570	100% of Base Metal Rights
M 3600166	100%	P 3601574	100% of Base Metal Rights
M 3600167	100%	P 3601575	100% of Base Metal Rights
M 3600168	100%	P 3601576	100% of Base Metal Rights
E 3600613	100% of Base Metal Rights	P 3601577	100% of Base Metal Rights
E 3600614	100% of Base Metal Rights	P 3601578	100% of Base Metal Rights
E 3600615	100% of Base Metal Rights	P 3601579	100% of Base Metal Rights
E 3600616	100% of Base Metal Rights	P 3601580	100% of Base Metal Rights
E 3600617	100% of Base Metal Rights	P 3601581	100% of Base Metal Rights
E 3600618	100% of Base Metal Rights	P 3601582	100% of Base Metal Rights
E 3600619	100% of Base Metal Rights	P 3601583	100% of Base Metal Rights
E 3600620	100% of Base Metal Rights	P 3601591	100% of Base Metal Rights
M 3600034	100% of Base Metal Rights	P 3601592	100% of Base Metal Rights
M 3600061	100% of Base Metal Rights	P 3601593	100% of Base Metal Rights
M 3600062	100% of Base Metal Rights	P 3601594	100% of Base Metal Rights
M 3600063	100% of Base Metal Rights	P 3601595	100% of Base Metal Rights
M 3600064	100% of Base Metal Rights	P 3601596	100% of Base Metal Rights
M 3600069	100% of Base Metal Rights	P 3601597	100% of Base Metal Rights
M 3600070	100% of Base Metal Rights	P 3601598	100% of Base Metal Rights
M 3600071	100% of Base Metal Rights	P 3601599	100% of Base Metal Rights
M 3600072	100% of Base Metal Rights	P 3601600	100% of Base Metal Rights
M 3600073	100% of Base Metal Rights	P 3601644	100% of Base Metal Rights
M 3600074	100% of Base Metal Rights	M 3600597(a)	100% of Base Metal Rights
M 3600075	100% of Base Metal Rights		
M 3600077	100% of Base Metal Rights		
M 3600089	100% of Base Metal Rights		
M 3600090	100% of Base Metal Rights		
M 3600111	100% of Base Metal Rights		
M 3600113	100% of Base Metal Rights		
M 3600114	100% of Base Metal Rights		
M 3600115	100% of Base Metal Rights		
M 3600116	100% of Base Metal Rights		
M 3600119	100% of Base Metal Rights		
M 3600120	100% of Base Metal Rights		
M 3600121	100% of Base Metal Rights		
M 3600138	100% of Base Metal Rights		
M 3600139	100% of Base Metal Rights		
M 3600140	100% of Base Metal Rights		
M 3600141	100% of Base Metal Rights		
M 3600142	100% of Base Metal Rights		
M 3600163	100% of Base Metal Rights		
M 3600164	100% of Base Metal Rights		
M 3600165	100% of Base Metal Rights		
M 3600182	100% of Base Metal Rights		
M 3600233	100% of Base Metal Rights		
M 3600234	100% of Base Metal Rights		
M 3600292	100% of Base Metal Rights		
M 3600301	100% of Base Metal Rights		
M 3600317	100% of Base Metal Rights		

Mineral Tenement Schedule

Mt Clifford Project	
Tenement	Interest %
E 3700761	100%
E 3700762	100%
E 3700909	100%
M 3700806	100%
P 3707169	100%
P 3707170	100%
P 3707370	100%
P 3707371	100%
P 3707372	100%
P 3707373	100%

Mt Finnerty JV *	
Tenement	Interest %
E 1600305	Earning 60%
E 1600330	Earning 60%

Mt Osprey JV	
Tenement	Interest %
EPM 008515	30.01% (Diluting)
EPM 011698	30.01% (Diluting)

Scotia Nickel Project	
Tenement	Interest %
E 2400123	100%
E 2900162	100%
E 2900522	100%
E 2900523	100%
E 2900529	100%
E 2900661	100%
M 2400279	100%
M 2400336	100%
P 2901932	100%
P 2901933	100%
P 2902025	100%
E 2900719(a)	100%
M 2900245(a)	100%
M 2900246(a)	100%
P 2902105(a)	100%
P 2902117(a)	100%
P 2902118(a)	100%
P 2902119(a)	100%
P 2902120(a)	100%
P 2902121(a)	100%

Wildara Project	
Tenement	Interest %
E 3600235	100%
M 3600475	100%
M 3600502	100%
M 3600524	100%
M 3600526	100%
M 3600548	100%
M 3700771	100%
M 3700772	100%
M 3700877	100%
M 3700878	100%

Yillaree JV	
Tenement	Interest %
E 3600245	81.27%
E 3600273	81.27%
E 3600630	81.27%
E 3600631	81.27%
M 3600507	81.27%
M 3600511	81.27%
P 3601655	81.27%
P 3601656	81.27%
E 3600702(a)	81.27%

* Mt Finnerty Project tenements are the subject of a Sale Agreement between Breakaway Resources Limited and Reed Resources Ltd, subsequent to 30 June 2009.

Director's Report

The Directors present their report together with the financial report of Breakaway Resources Limited ("Breakaway or the Company" and the consolidated financial report for the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2009 and the Auditor's report thereon.

DIRECTORS

The names and details of the Directors of the Company at any time during or since the end of the financial year are:

John King Atkins - Chairman

(Appointed 24 November 2006)

John Atkins is an experienced company director and one of Perth's most experienced corporate lawyers holding a Bachelor of Law from the University of Western Australia and a Masters of Law from London University. John is the Chairman, Western Australia for ANZ. He is currently a Director of Pearlstreet Limited, Australian Finance Group Ltd, Lions Eye Institute Ltd, Committee for Perth Ltd and the Chamber of Commerce and Industry of Western Australia.

Peter Stanley Buck - Managing Director (resigned)

(Appointed Managing Director 15 May 2006, resigned 20 February 2009)

Peter Buck is a geologist of some 37 years experience who gained his Bachelor of Science in Australia and his Masters of Science in Canada.

Peter worked for 23 years for WMC in a variety of senior exploration and production roles both in Australia and Brazil. His experience covers a range of commodities covering gold, nickel and base metals and has been associated with a number of new discoveries and their development.

In 1994, Peter joined Forrestania Gold which later became LionOre. Peter was the Exploration Director for LionOre and managed a highly successful team which discovered the Maggie Hays, Emily Ann, Waterloo/Amorac Nickel Deposits, and the two million ounce Thunderbox Gold Deposit in Western Australia, the majority of which have been successfully brought into production.

Jonathan Alister Young - Director

(Director since March 2003, resigned as Chairman November 2006)

Jon Young graduated from UWA with a Bachelor of Commerce Degree. He qualified as a Chartered Accountant with Price Waterhouse in 1981 spending 7 years in their Perth, Melbourne and Sydney offices.

The following 24 years have been spent in the Finance and Stockbroking industry and Jon is currently Director Private Clients with leading Perth based national stockbroking firm Patersons Securities Limited.

For 11 years and until the sale of the contracting business in August 2007, Jon has served as Non-Executive Chairman of the Barminco Group of companies including Barminco Limited, one of Australia's largest privately owned underground mining contractors. Jon continues as the Non-Executive Chairman of FMR Investments Pty Ltd (formerly Barminco Investments Pty Ltd), a major shareholder of Breakaway Resources Limited.

Garry Patrick Connell - Director

(Director since 1999)

Garry Connell has gained valuable experience in the mining industry through his successful involvement in substantial fuel supply and earthmoving businesses. From 1984 to 1998 he was Managing Director of the Kalgoorlie Fuel Company, one of BP Australia Limited's largest independent fuel distributors in Australia and supplier to many of the leading mining and industrial companies in the Kalgoorlie/ Goldfields region.

He also has extensive experience in the earthmoving business and has undertaken many large and complex projects. He has a 'hands on' approach to management and is well-known in both the Perth and Kalgoorlie business communities.

Jeffrey John Gresham - Director

(Appointed 1 October 2006)

Jeff Gresham has over 40 years experience in exploration, mining and the corporate functions both in Australia and overseas. During a career spanning 19 years with WMC he held a number of senior corporate and technical positions, most notably Chief Geologist of the Kambalda Nickel Operations (1981 - 1985), and Executive Vice President Exploration for WMC's Canadian subsidiary Westminster Canada Ltd (1988 - 1993). From 1993 to 1997 he was Managing Director of Wiluna Mines Ltd and General Manager Exploration at Homestake Gold of Australia Ltd (1998 - 2001). In more recent years, he has held the positions of Managing Director of Titan Resources Limited (July 2004 - September 2006), Non-Executive Director of View Resources (from April 2007), and is currently the Chairman of Rox Resources Ltd (since October 2006).

CHIEF EXECUTIVE OFFICER

David James Hutton

(Appointed 20 February 2009)

Graduating with a Bachelor of Science (Honours) degree from Monash University in 1989, David Hutton is a geologist with more than 20 years experience working in exploration and mining throughout Australia and South America.

David has held the position of Exploration Manager since joining Breakaway Resources Limited in August 2006, and recently accepted the dual position of CEO and Exploration Manager in February 2009. Prior to joining Breakaway, he held a number of senior exploration roles with Forrestania Gold, Western Metals and LionOre Australia where he was mainly involved in gold and base metal exploration throughout the Western Australian Goldfields and Kimberley regions, and seven years with the MIM Group both in underground mining and exploration roles. David has a strong and successful track record as an explorer, having been involved with near-surface gold discoveries in the North-Eastern Goldfields leading directly to the discovery of the world-class 2 million ounce Thunderbox Deposit, which remains one of the last major gold discoveries in Western Australia in the past decade.

COMPANY SECRETARY

Trevor Graham Hart

(Appointed 16 October 2007)

Trevor Hart is a Certified Practising Accountant (CPA) with a Bachelor of Accounting from Edith Cowan University and is a Chartered Secretary (ACIS). Prior to his appointment as Company Secretary, Trevor has held the position of Financial Controller of Breakaway Resources Limited since 2003, and has over 17 years experience including over 13 years in the resources and mining services industry. Prior to joining Breakaway he held a number of senior financial positions in other ASX Listed companies.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by Directors in the three years immediately before the end of the financial year are as follows:

Name of Director	Company	Period of Directorship
John Atkins	Pearlstreet Limited	Since November 2006
	Alinta Infrastructure Holdings Limited	August 2005 – February 2007
Garry Connell	Ausdrill Limited	1999 – November 2007
Jeff Gresham	Giants Reef Mining Limited	July 2004 – January 2006
	Rox Resources Limited	Since October 2006
	View Resources Limited	Since April 2007

DIRECTORS' INTERESTS AND MEETINGS OF DIRECTORS

The following tables set out the relevant interests of each Director in the share capital of the Company at the date of this report and their participation in Board meetings during the year.

Name of Director	Directors' Interests in Ordinary Shares	Number of Options Granted
John Atkins	200,000*	-
Peter Buck**	472,000	-
Jon Young	1,598,003*	-
Garry Connell	6,775,710*	-
Jeff Gresham	115,000	-

* Includes shares in which the Director holds a relevant interest but is not the registered holder.

** Peter Buck resigned as Company Director February 2009

Director's Report

DIRECTORS' MEETINGS

Name of Director	Board Meetings		Audit Committee Meeting		Remuneration Committee Meeting	
	A	B	A	B	A	B
John Atkins	10	10	-	-	1	1
Peter Buck	5	5	-	-	-	-
Jon Young	10	10	2	2	-	-
Garry Connell	9	10	2	2	-	-
Jeff Gresham	10	10	-	-	1	1

A- Number of meetings attended

B- Number of meetings held during the time the Director held office during the year.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were exploration for gold, nickel and copper.

RESULT

The consolidated Loss after income tax for the financial year was $5.972 million (2008: Loss of $5.857 million).

DIVIDENDS

No dividend was paid during the year and no dividend will be paid in respect of the current financial year.

REVIEW OF OPERATIONS

The consolidated entity predominately explored and evaluated base and precious metals projects through the year. A full review of the operations is set out in the 2009 Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

1. On 30 July 2008, the Company issued 1,125,000 employee options pursuant to the Company's Employee Option Scheme, excisable at 58 cents within 3 years from the date of issue, but commencing not before the relevant vesting dates as follows:
   - 50% vesting 12 months from date of issue; and
   - 50% vesting 24 months from date of issue.
2. On 4 December 2008, the Eloise Copper Mine (30% net profit royalty interest), which is owned by FMR Investments Pty Ltd, was placed on care and maintenance in response to falls in the copper price, to preserve the future value of the deposit for improvements in the copper price.
3. Fully paid ordinary share capital increased during the year as follows:

	2009 $'000
29 September 2008, Placement of 10 million share to Abbotsleigh Pty Ltd at 20 cents per share	2,000
Increase in share capital	2,000

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 July 2009, the Company sold its earn-in rights to the Mt Finnerty Joint Venture to Reed Resources Ltd for a total consideration of 500,000 fully-paid ordinary, non-escrowed shares in Reed Resources Ltd.

LIKELY DEVELOPMENTS

Information as to likely developments in the operations of the Company and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the Company's interests.

ENVIRONMENTAL REGULATION

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mining and exploration activities situated in Queensland and Western Australia. There are significant environmental regulations under the Queensland and Western Australian Mining and Environmental Protection Acts, including licence requirements relating to waste disposal, water and air pollution and the handling of dangerous goods in relation to these operations.

The Company is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect to its operating activities.

SHARE OPTIONS

Options Granted To Directors and Officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Director and Officers of the Company as part of their Remuneration:

Director	Number of Options Granted	Grant Date	Fair Value per Option $	Exercise Price	Expiry Date	Number of Options Vested During the Year
2009						
Officers						
David Hutton	250,000	30 July 2008	8.04 cents	58 cents	28 July 2011	200,000
Trevor Hart	250,000	30 July 2008	8.04 cents	58 cents	28 July 2011	200,000
Director	Number of Options Granted	Grant Date	Fair Value per Option $	Exercise Price	Expiry Date	Number of Options Vested During the Year
2008						
Peter Buck	750,000	21 Nov 2007	15.5 cents	85 cents	21 Nov 2010	666,666
Officers						
David Hutton	250,000	30 July 2007	19.5 cents	85 cents	28 July 2010	375,000
Trevor Hart	600,000	30 July 2007	19.5 cents	85 cents	28 July 2010	200,000

All options granted during the financial year were provided at no cost to the recipients.

At the date of this report, unissued ordinary shares of the Company under options are as follows:

Number of Options	Exercise Price	Expiry Date
1,525,000	55 cents	18 October 2009
1,175,000	85 cents	30 July 2010
1,025,000	58 cents	30 July 2011

All options are employee options issued under the terms of the Company's Employee Option Scheme and expire 30 days after termination of the employee's employment.

REMUNERATION REPORT

This report details the amount and nature of remuneration of each Director of the Company and Executive Officers of the Company during the year.

Remuneration Policy

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in achieving the alignment with shareholder and business objectives.

Compensation levels for key management personnel of the Company and consolidated entity are competitively set to attract and retain appropriate qualified and experience Directors and Executives. The Remuneration Committee obtains independent advice on the appropriateness of compensation packages given trends in comparative companies locally and the objectives of the Company compensation strategy.

Options are issued under the Employee Option Scheme (made in accordance with the criteria as set out in the plan approved by shareholders at the 2008 Annual General Meeting), at the discretion of the Directors or are issued under specific shareholder approval. All options are issued for no consideration. Options granted as part of the executive remuneration have been valued using a Binomial option pricing model, which takes account of factors including the option exercise prices, the current level and volatility of the underlying share price, the risk free rate expected, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The remuneration policy in regards to setting terms and conditions for the Executive Directors has been developed by the Board taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors.

Non-Executive Directors

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration annually, based on market practices, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is $250,000, last voted upon by shareholders at the 2006 Annual General Meeting. Directors' base fees are presently up to $44,145 per annum.

The Chairman receives up to $63,000 per annum. Non-Executive Directors' fees are not linked to the performance of the consolidated entity. Director fees cover all main board activities and committee memberships.

There are no retirement allowances that exist for Non-Executive Directors.

Details of the nature and amount of each element of the emoluments of Directors and Executives of the parent entity are set out in the following table.

Directors and Executive Officers Remuneration

Directors and Key Management Remuneration for the Year Ended 30 June 2009

		Short-Term		Post Employment		Share Based Expense	Total Remuneration	Value of Options as Proportion of Remuneration
		Salaries & Fees	Non-Monetary Benefits	Superannuation Benefits	Termination Benefits	Options and Rights		
Name	Year	$	$	$	$	$	$	%
Executive Directors								
Peter S Buck Managing Director (Resigned 20/02/2009)	2009	140,703	-	92,412	78,951	-	312,066	-
	2008	293,750	-	100,000	-	159,818	553,568	29%
Non Executive Directors								
John K Atkins Non-Executive Chairman	2009	66,500	-	5,985	-	-	72,485	-
	2008	-	-	70,849	-	-	70,849	-
Jon A Young Non-Executive Director	2009	-	-	46,598	-	-	46,598	-
	2008	-	-	46,322	-	-	46,322	-
Garry P Connell Non-Executive Director	2009	-	-	46,598	-	-	46,598	-
	2008	-	-	46,322	-	-	46,322	-
Jeffery J Gresham Non-Executive Director	2009	42,750	-	3,848	-	-	46,598	-
	2008	34,999	-	11,323	-	-	46,322	-
Grant J Mooney Company Secretary (Resigned 22/11/2007)	2009	-	-	-	-	-	-	-
	2008	40,000	-	-	-	-	40,000	-
Total	2009	249,953	-	195,441	78,951	-	524,345	
Total	2008	368,749	-	274,816	-	159,818	803,383	
Key Management Personnel								
Trevor G Hart CFO & Company Secretary	2009	166,982	-	21,477	-	59,436	247,895	24%
	2008	183,028	-	16,473	-	109,185	308,686	35%
David J Hutton CEO & Exploration Manager	2009	206,335	-	27,096	-	47,221	280,651	17%
	2008	165,618	3	39,894	-	98,616	304,131	32%
David N Castleden Manager Nickel Geology & Exploration (Resigned 30/11/2007)	2009	-	-	-	-	-	-	-
	2008	82,947	-	7,465	-	-	90,412	-
Total	2009	373,317	-	48,573	-	106,657	528,547	
Total	2008	431,593	3	63,832	-	207,801	703,229	

SERVICE AGREEMENTS

Remuneration and other terms of employment for the CEO and other key management personnel named are formalised in individual open common law employment contracts with no set terms of agreement. Each of these agreements provide for the participation in the Company's Incentive Option Schemes. All contracts with executives may be terminated early by either party providing four weeks notice. Any vested or unvested options not exercised will be forfeited 4 weeks from the date of resignation.

EQUITY INSTRUMENTS

Option Holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each specified Director and Officer is as follows:

Specified Directors	Held at 1 July 2008	Granted as Remuneration	Exercised	Cancelled/Lapsed	Held at 30 June 2009
John Atkins	-	-	-	-	-
Jon Young	-	-	-	-	-
Garry Connell	-	-	-	-	-
Jeffery Gresham	-	-	-	-	-
Specified Officers					
Trevor Hart	1,000,000	250,000	-	-	1,250,000
David Hutton	1,000,000	250,000	-	-	1,250,000

Equity Holdings and Transactions

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each specified Director and Officer is as follows:

Specified Directors	Held at 1 July 2008	Purchases or held at date of employment	Received on Exercise of Options	Sales	Held at 30 June 2009
John Atkins	200,000	-	-	-	200,000
Jon Young	1,498,003	-	-	-	1,498,003
Garry Connell	6,775,710	-	-	-	6,775,710
Jeffery Gresham	115,000	-	-	-	115,000
Specified Officers					
Trevor Hart	50,000	300,000	-	-	350,000
David Hutton	66,667	200,000	-	-	266,667

INSURANCE PREMIUMS

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors' and Officers' Liability and Company Reimbursement Insurance contracts, for the current Directors and current and former Officers, including Executive Officers and Secretaries of the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as disclosure is prohibited under the terms of the contract.

NON-AUDIT SERVICES

During the year the Company's auditors have performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of those non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001. The nature and scope of non-audit services has been assessed by the Board to ensure that auditor independence was not compromised.

Details of the amounts paid to the auditor of the Company and its related parties for non-audit services provided during the year are set out below.

	Consolidated	
	2009 $	2008 $
Remuneration of Auditors - Non Audit Services		
Amounts received, or due and receivable, for taxation and other services by:		
Auditors of the Company – PKF	25,882	52,404

AUDITORS INDEPENDENCE DECLARATION

The copy of the Auditors Independence Declaration as required under sections 307c of the Corporation Act 2001 is set out on page 47.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts stated in the Financial Report and Director's Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report has been signed in accordance with a resolution of the Directors made at Perth on 17 September 2009.

John K Atkins
Chairman

Corporate Governance Statement

The Board and Management are committed to Corporate Governance and, to the extent they are applicable to the Company, have adopted the Eight Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations"). The Board has adopted comprehensive systems of control and accountability as the basis for the administration of Corporate Governance. These policies and procedures are summarised below. Other information about the Company's Corporate Governance practices as adopted by the Board and which are continually reviewed to ensure they remain consistent with the needs of the Company are set out on the Company's website at www.breakawayresources.com.au

- Risk Management Policy;
- Securities Trading Policy;
- Audit Committee Charter;
- Non-Executive Remuneration Policy;
- Remuneration Committee Charter;
- Board and Senior Executive Evaluation Policy;
- Continuous Disclosure Policy;
- Code of Conduct Policy;
- Shareholder Communication Policy; and
- Matter Requiring Board Approval.

BOARD OF DIRECTORS

The Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of those goals.

The Board operates in accordance with Breakaway Resources Limited's Constitution, ASX Listing Rules, the Corporations Act, various Mining Acts and other applicable laws while achieving these goals.

At commencement of the financial year, the Board of Directors comprised four Non-Executive Directors including the Chairman, and one Executive Director, Mr Peter Buck, who held the role of Managing Director. The Managing Director resigned from the Board on the 20 February 2009 and Mr David Hutton was appointed to the position of Chief Executive Officer. Full details of the Company's Directors and their relevant experience and skills are detailed in the Director's Report.

No new Directors were appointed during the last financial year. The Board (subjected to members voting rights in a general meeting) is responsible for selection of new members and succession planning. During the year the Board of Directors had a majority of independent Directors for the purposes of the Australian Securities Exchange Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations". Details of the Directors (including details of their skills, experience, expertise and term of office) are set out in the Director's Report.

With the exception of an Audit Committee and Remuneration Committee, the consolidated entity is not considered to be of a size, nor is its affairs of such complexity to justify the establishment of separate committees. Accordingly all matters, which may be capable of delegation to a committee, are dealt with by the full Board.

In addition to formal Board meetings, the Board regularly meets informally to retain full and effective control over the consolidated entity and monitor the executive management. The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The Company's Constitution and the Listing Rules of the Australian Securities Exchange Limited govern the procedures for election and retirement of Directors.

All Directors have the right to seek independent legal and accounting advice concerning any aspect of the Company's operations and undertakings.

An independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

- Holds less than five percent of the voting shares of the Company and is not an Officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five percent of the voting shares in the Company;
- Has not within the last three years been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;

Corporate Governance Statement

- Within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another group member, is not a material supplier or customer of the Company or another group member, or an Officer of or otherwise associated, directly or indirectly, with a material supplier or customer, and has no material contractual relationship with the Company or another group member other than as a Director of the Company; and
- Is free from any interest and business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors ability to act in the best interest of the Company.

AUDIT AND AUDIT COMMITTEE

The Company has an Audit Committee with an established Charter. The members of the Audit Committee during the year were:

Mr JA Young (Chairman)	Non-Executive Director
Mr GP Connell	Independent Non-Executive Director

The Audit Committee has met twice this year and the Committee Members Attendance Record is disclosed in the table of Directors' meeting in the Director's Report. The Company's auditors, Chief Executive Officer and Financial Controller are invited to Audit Committee meetings at the discretion of the Committee. The Company in a general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

The Company has appointed, with their consent, PKF Chartered Accountants and Business Advisers as its Auditor. The external auditor was appointed in 2004.

REMUNERATION COMMITTEE

In November 2006, the Company formed a Remuneration Committee with an established Charter.

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the senior executives and Directors themselves. It is also responsible for share options schemes.

The members of the Remuneration Committee during the year were:

Mr JJ Gresham (Chairman)	Independent Non-Executive Director
Mr JK Atkins	Independent Non-Executive Director

The CEO is invited to Remuneration Committee meetings, as required, to discuss senior executive performance and remuneration packages.

The Remuneration Committee meets as required. The Committee has met once this year and the Committee Member Attendance Record is disclosed in the table of Directors' Meetings in the Director's Report.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility the Board relies on several internal controls:

- There is a comprehensive monthly management reporting system. Management reports detailing consolidated entity expenditure are prepared and presented to Board members monthly. Results are reported against budget and variations from budget have been discussed with site personnel to ascertain the reasons for the variances each month for each of the consolidated entity's operations. Budgets are revised when management has sufficient historical information to make informed forecasts;
- Procedures are in place to ensure that price sensitive information is reported to the ASX in accordance with the Continuous Disclosure Requirements; and
- The consolidated entity conducts a review of the ability and experience of potential senior employees prior to appointment. Informal appraisals are conducted regularly together with on the job monitoring and training for all employees.

Corporate Governance Statement

FINANCIAL REPORTS

In accordance with the requirements of the Corporations Act 2001 and Principal 7 of the ASX Principals and Recommendations, the Chief Executive Officer/Managing Director and Chief Financial Officer have provided a declaration in accordance with section 295A of the Corporations Act and have assured the Board that the declaration is founded on sound systems of risk management and internal controls and that the systems are operating effectively in all material respects in relation to financial reporting.

ETHICAL STANDARDS

Breakaway is committed to the highest standards of ethical business conduct. As part of that commitment, Breakaway established a Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Breakaway's standards of behaviour and corporate culture reflect best practice in Corporate Governance.

Breakaway also has a number of specific policies that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Breakaway, and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

BUSINESS RISKS

The Board adopts practices to identify significant areas of risk and to effectively manage those risks in accordance with the consolidated entity's risk profile.

Where appropriate the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Company's main areas of risk include:

- Mineral exploration, development and production;
- Fluctuating metal prices and exchange rates;
- Financing; and
- Title to assets.

The Board gives regular consideration to all these matters.

SHARE TRADING

The Board has a formal policy which has been adopted to ensure compliance with the "insider trading" provisions of the Corporations Act by Directors and Officers, employees and consultants who may be in possession of sensitive information concerning the Company's affairs, prior to release to the market. The policy contains a blackout period for Directors and Officers, employees and consultants whereby no trading of securities in Breakaway shall occur five days or less prior to the release of a report by Breakaway or less than two days following the release of a report by Breakaway; and/or at periods advised by the Company.

PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its performance each year by way of an annual Director's Questionnaire, as well as the Chairman reviewing the individual performance of each Board member. This process includes a review of the composition, performance, effectiveness and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's Executives include:

- Annual performance evaluations carried out by the Managing Director/CEO against an established set of performance targets.
- Executive performance evaluation report prepared by the Managing Director/CEO and provided to the Remuneration Committee as a basis for making recommendations to the Board in relation to remuneration levels of Executives.

Corporate Governance Statement

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

During the reporting period from 1 July 2008 to 30 June 2009 the Company has complied with each of the Eight Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below.

Principle Number	Best Practice Recommendation	Compliance	Reason for Non-Compliance
2.4	The Board should establish a Nomination Committee	The Board does not have a Nomination Committee	The Board members have concluded that no efficiencies would be achieved by establishing a separate nomination committee. The functions of any Nomination Committee are normally undertaken by the full Board.
4.23	The Board should establish an Audit Committee	The Company has a formally constituted Audit Committee that meets on a regular basis to discuss various aspects of the accounting and audit function. However, this function does not entirely comply with Best Practice Recommendations in that a majority of members were not independent Directors.	Although there was not strict compliance with the Best Practice Recommendations at year end, the Board considers that given the composition, qualifications and availability of the Board and its members, the Audit Committee had the best and most suitable composition to efficiently carry out the functions of an audit committee in view of their respective experience in the financial matters of mineral exploration and mining companies.

Auditors Independent Declaration

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Breakaway Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Breakaway Resources Limited and the entities it controlled during the year.

PKF

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia this 17th day of September 2009

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

Balance Sheet for the year ended 30 June 2009

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Current Assets					
Cash and cash equivalents	8	2,864	8,507	2,839	8,436
Trade and other receivables	9	36	365	36	365
Total Current Assets		2,900	8,872	2,875	8,801
Non Current Assets					
Trade and other receivable	9	227	226	186	186
Other financial assets	10	-	-	34,693	32,727
Property, plant and equipment	11	588	709	562	680
Exploration, evaluation and development expenditure	12	32,190	32,677	5,812	4,700
Available for sale financial assets	13	102	187	102	187
Deferred tax assets	7	9,660	9,808	1,746	1,416
Total Non Current Assets		42,767	43,607	43,101	39,896
Total Assets		45,667	52,479	45,976	48,697
Current Liabilities					
Trade and other payables	14	125	1,722	125	1,722
Loans and borrowings	15	11	-	11	-
Provisions	16	72	98	72	98
Total Current Liabilities		208	1,820	208	1,820
Non Current Liabilities					
Loans and borrowings	15	8,705	9,461	8,705	9,461
Deferred tax liability	7	9,660	9,808	1,746	1,416
Provisions	16	626	625	266	255
Total Non Current Liabilities		18,991	19,894	10,717	11,132
Total Liabilities		19,199	21,714	10,925	12,952
Net Assets		26,468	30,765	35,051	35,745
Equity					
Issued capital	17	79,290	77,390	79,290	77,390
Converting note	18	2,731	2,731	2,731	2,731
Reserves	19	672	897	672	897
Accumulated losses	20	(56,225)	(50,253)	(47,642)	(45,273)
Total Equity		26,468	30,765	35,051	35,745

The balance sheet should be read in conjunction with the accompanying notes

Income Statement for the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Revenue from royalty		-	-	-	-
Finance revenue		290	996	1,641	2,087
Total revenue from continuing operations	4	290	996	1,641	2,087
Other revenue	4	2	319	2	319
Employee benefit expenses	5a	(726)	(1,779)	(726)	(1,779)
Exploration Expenditure written off		(72)	(104)	(72)	-
Capitalised Exploration written off		(4,865)	(2,267)	(395)	-
Depreciation and amortisation costs	5a	(145)	(138)	(142)	(133)
Administration expense		(549)	(940)	(530)	(838)
Consultants expense		(69)	(64)	(63)	(47)
Occupancy expense	5a	(315)	(247)	(315)	(247)
Impairment of assets available for sale	13	(239)	-	(239)	-
Impairment of Investments		-		(2,236)	
Reversal of rehabilitation provision		10	-	-	-
Other expenses from ordinary activities		(45)	(48)	(45)	(48)
(Loss) / Profit from continuing operations before tax and finance costs		(6,723)	(4,272)	(3,120)	(686)
Finance Income/(Cost)	5a	751	(1,585)	751	(1,584)
(Loss) / Profit before income tax relating to continuing operations		(5,972)	(5,857)	(2,369)	(2,270)
Income tax benefit/(expense)	7	-	-	-	(3,506)
(Loss) after tax from continuing operations		(5,972)	(5,857)	(2,369)	(5,776)
Basic (loss)/profit per share (cents per share)	27	(3.37)	(3.45)		
Diluted (loss)/profit per share (cents per share)	27	(3.37)	(3.35)		

The income statement should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the year ended 30 June 2009

	Ordinary Shares $'000	Converting Notes $'000	Reserves $'000	Accumulated losses $'000	Total attributed to equity holders $'000
CONSOLIDATED					
Balance 01/07/2008	77,184	2,731	542	(44,396)	36,061
Exercised Options 375,000 shares at 55 cents each	206	-	-	-	206
	77,390	2,731	542	(44,396)	36,267
Profit/(Loss) for year				(5,857)	(5,857)
	77,390	2,731	542	(50,253)	30,410
Financial Asset Revaluation	-	-	(181)	-	(181)
Employee Equity-Settle benefit reserve	-	-	536	-	536
Balance 30/06/2008	77,390	2,731	897	(50,253)	30,765
Share Issue 10,000,000 @ 20cents	2,000	-	-	-	2,000
Cost of Share Issue	(100)	-	-	-	(100)
	79,290	2,731	897	(50,253)	32,665
Profit/(Loss) for year				(5,972)	(5,972)
	79,290	2,731	897	(56,225)	26,693
Financial Asset Revaluation	-	-	154	-	154
Employee Equity-Settle benefit reserve	-	-	(379)	-	(379)
Balance 30/06/2009	79,290	2,731	672	(56,225)	26,468

THE COMPANY	Ordinary Shares $'000	Converting Notes $'000	Reserves $'000	Accumulated losses $'000	Total attributed to equity holders $'000
Balance 01/07/2008	77,184	2,731	542	(39,497)	40,960
Exercised Options 375,000 shares at 55 cents each	206	-	-	-	206
	77,390	2,731	542	(39,497)	41,166
Profit/(Loss) for year	-	-	-	(5,776)	(5,776)
	77,390	2,731	542	(45,273)	35,390
Financial Asset Revaluation	-	-	(181)	-	(181)
Employee Equity-Settle benefit reserve	-	-	536	-	536
Balance 30/06/2008	77,390	2,731	897	(45,273)	35,745
Share Issue 10,000,000 @ 20cents	2,000	-	-	-	2,000
Cost of Share Issue	(100)	-	-	-	(100)
	79,290	2,731	897	(45,273)	37,645
Profit/(Loss) for year	-	-	-	(2,369)	(2,369)
	79,290	2,731	897	(47,642)	35,276
Financial Asset Revaluation	-	-	154	-	154
Employee Equity-Settle benefit reserve	-	-	(379)	-	(379)
Balance 30/06/2009	79,290	2,731	672	(47,642)	35,051

The statement in the change in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows for the year ended 30 June 2009

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Cash Flows from Operating Activities					
Cash receipts in the course of operations		-	-	-	-
Cash payments in the course of operations		(2,009)	(1,956)	(1,991)	(1,098)
Interest received		279	976	288	974
Borrowing costs paid		(4)	(6)	(4)	(5)
Net Cash provided by/(used in) Operating Activities	25b	(1,734)	(986)	(1,707)	(129)
Cash Flows from Investing Activities					
Payments for exploration and development		(5,736)	(9,137)	(2,867)	(2,631)
Payments for property, plant and equipment		(23)	(59)	(24)	(57)
Proceeds from sale of property, plant and equipment		-	-	-	-
Payments for tenements		(50)	-	(50)	-
Loans to controlled entity		-	-	(2,849)	(7,375)
Net Cash used in Investing Activities		(5,809)	(9,196)	(5,790)	(10,063)
Cash Flow from Financing Activities					
Proceeds from share issue (net of transaction costs)		1,900	206	1,900	206
Net Cash provided by/(used in) Financing Activities		1,900	206	1,900	206
Net increase/(decrease) in cash held		(5,643)	(9,976)	(5,597)	(9,986)
Cash at the beginning of the financial year		8,507	18,483	8,436	18,422
Cash at the End of the Financial Year	25a	2,864	8,507	2,839	8,436

The statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Breakaway Resources Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 17 September 2009.

Breakaway Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operation and principal activities of the group are described in the Director's Report.

2. GOING CONCERN

The Directors have prepared a cash flow forecast for a period of 12 months from the date of this financial report, which assumes a reduction in exploration spend from prior years below the minimum spend commitments as disclosed in Note 31. As cumulative spend incurred on the areas of interest exceeds the minimum cumulative spend requirements, the Directors have determined that a reduction in spending for the ensuing 12 months will not compromise the tenure of the exploration assets within that period and rights to tenure will be maintained.

Based on this forecast, the financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. In addition, the Directors are currently actively reviewing capital raising, joint venture and other alternatives available to the Company.

Should the consolidated entity and the parent entity be unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity and the parent be unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of this financial report, are:

(a) Statement of Compliance

The financial report complies with Australian Accounting Standards, International financial reporting standards and Corporation Act 2001.

(b) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Breakaway Resources Limited and its subsidiaries as at 30 June each year ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Breakaway Resources Limited has control.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(e) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible asset to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(h) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(h) Income Tax - continued

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/ consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Breakaway Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(i) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Consolidated Entity as Lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalue amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements 3 – 10 years

Plant and equipment 3 – 10 years

Equipment under finance lease 3 – 10 years

(l) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Restoration and Rehabilitation Provision

Provisions for the restoration and rehabilitation of mine and industrial sites are determined based on the best estimate of the consideration required to settle the present obligation at the reporting date.

Provisions are reviewed each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, or the best estimate is lower than previously estimated, the provision is reversed to profit.

(m) Revenue Recognition

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(n) Share-Based Payments

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(o) Exploration and Evaluation

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial year the decision is made. Each area of interest is also reviewed at the end of each accounting year and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

(p) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured as fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

(r) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(s) Converting Note

The component of the converting note that exhibits characteristics of a liability is recognised as a liability in the balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

On the issue of the converting note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders equity. The value of the conversion option is not changed in subsequent years.

The component of the converting note that exhibits characteristics of an embedded derivate is recognised as a liability in the balance sheet. On issue the embedded derivate component is measured at fair value and revaluated at fair value at the balance date and the movement is recorded through the profit and loss as a finance cost.

4. PROFIT FROM OPERATIONS

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
From Operating Activities				
Interest: Other parties	290	996	290	994
Interest: Related parties	-	-	1,351	1,093
From Outside Operating Activities				
Farmin income	-	300	-	300
Sundry – Other	2	19	2	19
Total Revenue from Ordinary Activities	292	1,315	1,643	2,406

5. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Profit /(Loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:				
Finance Costs:				
Interest on Performance Bonds	2	3	2	2
ATO General Interest Charge	-	-	-	-
Converting Note Interest	534	501	534	501
Fair Value Movement on Embedded Derivate	(1,290)	1,077	(1,290)	1,077
Other	3	4	3	4
Total Finance Costs	(751)	1,585	(751)	1,584
Depreciation and Amortisation:				
Plant and equipment	145	138	142	133
Total Depreciation and Amortisation	145	138	142	133
Amounts set aside/(credited) to provision for:				
Employee entitlements	101	136	101	136
Total amounts set aside/(credited) to provisions	101	136	101	136
Lease rental expense – operating lease	315	247	315	247

6. REMUNERATION OF AUDITORS

	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Audit Services				
Auditors of the Company – PKF	39,175	54,829	39,175	54,829
Amounts received, or due and receivable, for taxation and other services by:				
Auditors of the Company – PKF	25,822	52,404	25,822	52,404

7. INCOME TAX

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2009 and 2008 is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Accounting profit (loss) before tax	(5,972)	(5,857)	(2,369)	(2,270)
Loss before tax from discountinued operations	-	-	-	-
Accounting profit (loss) before income tax	(5,972)	(5,857)	(2,369)	(2,270)
At the statutory income tax rate of 30% (2008: 30%)	(1,791)	(1,757)	(710)	(680)
Non-deductible expenses	19	496	19	496
Utilisation of prior year tax losses not previously brought to account as a DTA	-	-	-	-
Tax Losses and temporary differences not brought to account as a DTA	1,772	1,261	691	184
Adjustments in respect of deferred income tax of previous years	-	-	-	-
Income tax (benefit)/expense	-	-	-	-
Effective tax rate	-	-	-	-

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the consolidated entity have entered into a tax sharing arrangement in order to allocate income tax expenses to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Breakaway Resources Limited.

7. INCOME TAX CONTINUED

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the member entities' inter-company accounts with the tax consolidated group head company, Breakaway Resources Limited. In this regard the Company has assumed the benefit of tax losses from the member entities as of the balance date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributed to the following:

	Assets		Liabilities		Net	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CONSOLIDATED						
Interest receivable	-	-	3	6	3	6
Exploration costs	-	-	9,657	9,802	9,657	9,802
Tax losses	(9,660)	(9,808)	-	-	(9,660)	(9,808)
Tax (assets) liabilities	(9,660)	(9,808)	9,660	9,808	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	(9,660)	(9,808)	9,660	9,808	-	-

Deferred Income Tax

Deferred income tax at 30 June 2009 relates to the following:

CONSOLIDATED	Balance 1 July 2007 $'000	Recognised in Income $'000	Recognised in Equity $'000	Balance 30 June 2008 $'000
Movement in Temporary Differences during the Year				
Exploration	7,131	2,671	-	9,802
Income not yet assessable for taxation purposes	105	(99)	-	6
Tax losses	(7,236)	(2,572)	-	(9,808)
	-	-	-	-

	Balance 1 July 2008 $'000	Recognised in Income $'000	Recognised in Equity $'000	Balance 30 June 2009 $'000
Movement in Temporary Differences during the Year				
Exploration	9,802	(145)	-	9,657
Income not yet assessable for taxation purposes	6	(3)	-	3
Tax losses	(9,808)	148	-	(9,660)
	-	-	-	-

7. INCOME TAX CONTINUED

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributed to the following:

	Assets		Liabilities		Net	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
THE COMPANY						
Interest receivable	-	-	3	6	3	6
Exploration costs	-	-	1,743	1,410	1,743	1,410
Tax losses	(1,746)	(1,416)	-	-	(1,746)	(1,416)
Tax (assets) liabilities	(1,746)	(1,416)	1,746	1,416	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	(1,746)	(1,416)	1,746	1,416	-	-

	Balance 1 July 2007 $'000	Recognised in Income $'000	Recognised in Equity $'000	Balance 30 June 2008 $'000
Movement in Temporary Differences during the Year				
Exploration	522	888	-	1,410
Interest receivable	106	(100)	-	6
Expenses not yet deductible for taxation purposes	(628)	(788)	-	(1,416)
	-	-	-	-

	Balance 1 July 2008 $'000	Recognised in Income $'000	Recognised in Equity $'000	Balance 30 June 2008 $'000
Movement in Temporary Differences during the Year				
Exploration	1,410	333	-	1,743
Interest receivable	6	(3)	-	3
Expenses not yet deductible for taxation purposes	(1,416)	(330)	-	(1,746)
	-	-	-	-

	Consolidated 2009	The Company 2009	Consolidated 2008	The Company 2008
Unrecognised Temporary Difference				
Provision annual leave	21,550	21,550	29,513	29,513
Provision for long services leave	1,911	1,911	1,522	1,522
Provision for rehabilitation	186,000	78,000	186,000	75,000
Audit Fees	900	900	6,000	6,000
Tax losses	8,427,371	2,508,745	4,118,342	3,341,482
Capital losses	844,272	468,294	772,948	396,970
	9,482,004	3,079,400	5,114,325	3,850,487

The tax losses do not expire under tax legislation. Deferred tax assets have not been recognised in respect of these items because it's not probable that future taxable profit will be available against which the Company can utilise these benefits.

8. CASH AND CASH EQUIVALENTS

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and in hand	94	277	69	206
Short-term deposits	2,770	8,230	2,770	8,230
	2,864	8,507	2,839	8,436

9. TRADE AND OTHER RECEIVABLES

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Other	26	345	26	345
Interest Receivable	10	20	10	20
	36	365	36	365
Non-Current				
Other – mining tenement bonds	227	226	186	186
	227	226	186	186

10. OTHER FINANCIAL ASSETS

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non-Current				
Investment in controlled entity – unlisted shares at cost	-	-	6,713	6,713
Loans to controlled entity at amortised cost (a)	-	-	30,216	26,014
Less Impairment	-	-	(2,236)	-
	-	-	34,693	32,727

(a) The receivables from the Company's wholly-owned group include amounts arsing under the Groups tax funding arrangement loan to controlled entities have no formal repayment arrangements, are payable on demand and interest is charged on the outstanding balance at market rates. However the Company will not call for payment prior to 1 July 2010 except to the extent that the controlled entity has surplus funds available.

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Plant and equipment – at cost	1,034	1,010	995	971
Less: Accumulated depreciation	(446)	(301)	(433)	(291)
Total property, plant and equipment at net book value	588	709	562	680

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Plant and Equipment				
Carrying amount at beginning of year	709	788	680	756
Additions	24	61	24	59
Disposals	-	(2)	-	(2)
Depreciation	(145)	(138)	(142)	(133)
Carrying amount at end of year	588	709	562	680

12. EXPLORATION, EVALUATION AND DEVELOPMENT

Costs carried forward in respect of areas of interest in:

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Exploration and/or Evaluation Phase				
Balance at beginning of year	32,677	25,033	4,700	1,744
Acquisitions of tenements	50	-	50	-
Exploration, evaluation and development expenditure	4,565	10,265	1,457	2,956
Exploration, evaluation and development expenditure written-off	(2,470)	(114)	-	-
Re-Imbursements from JV partners	(237)	(239)	-	-
Capitalised Exploration Impairment	(2,395)	(2,268)	(395)	-
Total exploration, evaluation and development expenditure	32,190	32,677	5,812	4,700

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

Impairment losses recognised as the carrying amount is in excess of any recoverable amount for the companies regional area of interest for the Kalgoorlie Nickel joint venture project where the Company is still to earn its 60% interest in the project.

13. AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non-Current				
Shares listed on a prescribed stock exchange - at market value	102	187	102	187

14. TRADE AND OTHER PAYABLES

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Trade creditors	102	1,444	102	1,444
Other accrued expenses	23	278	23	278
	125	1,722	125	1,722

15. LOANS AND BORROWINGS

	Note	Consolidated		The Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current					
Insurance Premium Funding		-	-	-	-
Converting Notes		-	-	-	-
Lease/hire purchase liability		11	-	11	-
		11	-	11	-
Non-Current					
Converting Notes		7,712	7,178	7,712	7,178
Call Option – Embedded Derivative		993	2,283	993	2,283
		8,705	9,461	8,705	9,461
Proceeds from issue of Converting Notes		9,000	9,000	9,000	9,000
Less transaction costs		-	-	-	-
Amount classified as equity	18	(2,731)	(2,731)	(2,731)	(2,731)
Accredited interest capitalised		1,471	937	1,471	937
Accredited interest transferred to equity		(28)	(28)	(28)	(28)
Carrying amount of liability at 30 June 2009		7,712	7,178	7,712	7,178

The terms of the $9,000,000 Converting Notes issued are as follows:

- 18 Converting Notes with a face value of $500,000 each and interest free;
- Converting at 40 cents per shares within 5 years after issue;
- Redeemable by Breakaway at any time; and
- Notes automatically converted on the maturity date by Breakaway either electing to the payment of cash or the conversion into shares at 12.5 cents per share.

The Note has been classified into two components: A debt component (a contractual arrangement to deliver cash) and an embedded derivative call option component (a call option granting the holder the right, for a specific period of time, to convert it into a fixed number of ordinary shares of Breakaway).

The value of the call option component has been determined using the Volume Weighted Average Price of Breakaways securities from the date of issue less the conversion price of the notes.

Over the term of the Note, the call option is fair valued at each balance date and the movement of the fair value recorded through the income statement.

16. PROVISIONS

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Current					
Employee benefits	23	72	98	72	98
Rehabilitation		-	-	-	-
		72	98	72	98
Non-Current					
Employee benefits	23	6	5	6	5
Rehabilitation		620	620	260	250
		626	625	266	255

17. CONTRIBUTED EQUITY

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Issued and Paid-up Capital				
179,454,988 ordinary shares, fully paid (2008:169,454,988 pre consolidation)	79,290	77,390	79,290	77,184
Movements in Ordinary Share Capital				
Balance at the beginning of the financial year	77,390	77,184	77,390	77,184
Issue of 375,000 shares at 55 cents each exercised options (December 2007)	-	206	-	206
Issue of 10,000,000 shares at 20 cents each to raise capital (October 2008)	2,000	-	2,000	-
Less capital raising costs	(100)	-	(100)	-
Issued capital at end of period 169,454,988 Shares	79,290	77,390	79,290	77,390

18. CONVERTING NOTES

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Equity portion of converting note	2,731	2,731	2,731	2,731
	2,731	2,731	2,731	2,731

19. RESERVES

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Opening Balance 01/07/2008	897	542	897	542
Net (loss) / gains on available-for-sale financial assets	154	(181)	154	(181)
Employee share based payments	(379)	536	(379)	536
	672	897	672	897

20. ACCUMULATED LOSSES

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company $'000
Opening accumulated losses	(50,253)	(44,396)	(45,273)	(39,497)
Profit/(loss) from ordinary activities after related income tax	(5,972)	(5,857)	(2,369)	(5,776)
Accumulated losses at end of the year	(56,225)	(50,253)	(47,642)	(45,273)

21. RELATED PARTY DISCLOSURES

Directors

The names of each person holding the position of Director of Breakaway Resources Limited during the financial year were:

John K Atkins – appointed 24 November 2006

Jon A Young – appointed since 2003

Garry P Connell – appointed since 1999

Peter S Buck – appointed 24 June 2004 (Resigned February 2009)

Jeffery J Gresham – appointed 1 October 2006

Directors Remuneration

Information on Directors Remuneration is disclosed in the Director's Report

Directors' Holdings of Shares and Share Options

The interests of Directors of the Company and their Director-related entities in shares and share options of the Company are set out as follows:

	Consolidated 2009	Consolidated 2008
Ordinary shares in: Breakaway Resources Limited	27,547,971	27,672,971
Options over ordinary shares	-	2,750,000

Jonathan Alister Young is also the Chairman of FMR Investments Pty Ltd (FMR) and therefore has an indirect interest in 18,502,258 shares held by FMR.

Transactions with Directors' Related Entities

Transactions between parties are on normal commercial terms and conditions unless otherwise stated:

Amounts Paid to FMR Investments Pty Ltd, a company in which Mr J A Young is a Director	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Gross Payments for Camp Accommodation	-	80,008	-	80,008
Total amounts paid or payable	-	80,008	-	80,008

21. RELATED PARTY DISCLOSURES CONTINUED

Transactions Wholly Owned Group

The Company performs certain office services and pays for certain items on behalf of controlled entities. These transactions are in the normal course of business and on normal terms and conditions. An interest charge of 5.4% is charged on all loans to controlled entities.

Transactions with Controlled Entities

During the financial year the controlled entities were charged an interest rate of 5.4% (2008: 8.4%) on the balance of loans outstanding as at 30 June 2009. The amounts charged from parent entity are as follows:

	The Company	
	2009	2008
	$	$
Interest charged on loans to controlled entity – BMV Properties Pty Limited	170,319	139,252
Interest charged on loans to controlled entity – Levuka Resources Pty Limited	171,543	138,798
Interest charged on loans to controlled entity – Altia Resources Pty Limited	759,892	618,142
Interest charged on loans to controlled entity – Scotia Nickel Pty Limited	250,548	197,417
	1,352,302	1,093,609

Balances With Controlled Entities

The aggregate amounts receivable from other controlled entities by the Company at balance date are:

	The Company	
	2009	2008
Receivables - Non Current	$	$
Loan to controlled entity – BMV Properties Pty Limited	3,793,725	3,525,482
Loan to Controlled entity – Levuka Resources Pty Limited	3,926,858	2,976,187
Loan to controlled entity – Altia Resources Pty Limited	17,018,801	14,371,522
Loan to Controlled entity – Scotia Nickel Pty Limited	5,476,991	5,141,501
	30,216,375	26,014,692

22. KEY MANAGEMENT PERSONNEL

(a) Details of Specified Directors and Specified Executives

(i) Specified Directors

Mr JK Atkins	Chairman (Non-Executive)
Mr PS Buck	Managing Director (Resigned February 2009)
Mr JA Young	Director (Non-Executive)
Mr GP Connell	Director (Non-Executive)
Mr JJ Gresham	Director (Non-Executive)

(ii) Specified Executives

Mr DJ Hutton	CEO/Exploration Manager (Appointed CEO February 2009)
Mr TG Hart	Financial Controller and Company Secretary

(b) Remuneration of Specified Directors and Specified Executives

Disclosures relating to Directors and Key Management Personnel are included in the Director's Report.

23. EMPLOYEE BENEFITS

	Consolidated		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Aggregate Liability for Employee Benefits including On-Costs				
Current	71	98	71	98
Non-Current	6	5	6	5
	77	103	77	103

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	Consolidated		The Company	
	2009	2008	2009	2008
Assumed rate of increase in wage and salary rates	3%	3%	3%	3%
Discount rate	5%	5%	5%	5%
Settlement term (years)	10	10	10	10
Number of Employees				
Number of Employees at year end	12	12	12	12

Share Base Payments

The Company has an Employee Option Scheme which was approved at the 2008 Annual General Meeting held on 28 November 2008.

Each option is convertible to one ordinary share. The exercise price of the options are determined in accordance with the rules of the plan and will be the greater of 120% of the market value of shares on the day the option is issued, 20 cents or a price determined by the Directors in their discretion.

All employee options expire on the earlier of their expiry date or 30 days after termination of the employee's employment.

There are no voting rights attached to the options or to the unissued ordinary shares, voting rights will be attached to the issued ordinary shares when options have been exercised.

Details of options over unissued ordinary shares as at the beginning and end of the reporting periods and movements during the year are set out below.

Expiry date	Exercise price	Number of options at beginning of year	Options granted	Options cancelled	Options exercised	Number of options on issue at end of year	
						Vested	Unvested
17 Oct 2009	$0.55	1,975,000	-	400,000	-	1,575,000	-
30 Jul 2010	$0.85	1,275,000	-	100,000	-	587,500	587,500
12 Dec 2010	$0.77	500,000	-	500,000	-	-	-
30 Jul 2011	$0.58	-	1,125,000	100,000	-	-	1,075,000

24. SEGMENT INFORMATION

The Company operates solely in the natural resources exploration and mining industry in Australia.

25. NOTES TO STATEMENTS OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash assets	2,864	8,507	2,839	8,436

(b) Reconciliation of Profit/ (Loss) from Ordinary Activities after Income Tax to Net Cash provided by Operating Activities

	Consolidated		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Profit/(Loss) from ordinary activities after income tax	(5,972)	(5,857)	(2,369)	(5,776)
Add/(less) items classified as investing/financing activities				
Exploration costs expensed	72	104	72	-
Add non-cash items:				
Exploration, evaluation and development costs written off	4,864	2,267	394	-
Depreciation	145	138	142	133
Converting Notes interest	538	502	538	502
Interest on inter company loans	-	-	(1,352)	(1,094)
Share option expense	(225)	247	(225)	247
Impairment of BMV Investment	-	-	2,236	-
Available for sale assets acquired non cash	-	109	-	109
Net cash provided by operating activities before change in assets and liabilities	(578)	(2,490)	(564)	(5,879)
(Increase)/Decrease in Assets				
Prepayments	-	-	-	-
Receivables	329	163	329	163
Inter company receivables	-	-	-	3,693
Mining and security bonds	-	518	-	518
Available for sale assets	84	(119)	84	(119)
Acquisitions of exploration assets	-	-	-	-
Write of exploration asset	-	(2,255)	-	-
Increase/(Decrease) in Liabilities				
Creditors	(250)	2,107	(247)	405
Provisions	(25)	13	(15)	13
Deferred tax liability	-	-	-	-
Converting Notes	(1,294)	1,077	(1,294)	1,077
Net cash provided by operating activities	(1,734)	(986)	(1,707)	(129)

26. FINANCING ARRANGEMENTS

Performance Guarantees

(i) Unconditional Performance Bonds have been lodged with the Department of Mineral and Petroleum Resources for the progressive rehabilitation and reclamation of the mineral tenements of a controlled entity. These bonds have been provided under a guarantee facility provided by Investec Bank (Australia) Limited with a restricted cash deposit of $5,000 as at 30 June 2009.

(ii) Unconditional Performance Bonds have been lodged with the Department of Mineral and Petroleum Resources for the progressive rehabilitation and reclamation of mineral tenements of the company. The Bonds are secured by a fixed charge over a cash deposit account with Macquarie Bank Limited totalling $59,000 as at 30 June 2009.

(iii) Unconditional Performance Bonds have been lodged with the Department of Mineral and Petroleum Resources for the progressive rehabilitation and reclamation of mineral tenements of the company. The Bonds are secured by a fixed charge over a cash deposit account with Bankwest totalling $11,200.

(iv) Unconditional Performance Bonds have been lodged with the Department of Mineral and Petroleum Resources for the progressive rehabilitation and reclamation of mineral tenements of the company. The Bonds are secured by a fixed charge over a cash deposit account with Westpac Bank totalling $30,000.

Other Guarantees

(v) The Company has a $74,805 performance guarantees in place to secure the payment of rent under the Company's lease of premises at its offices at 15 Rheola Street West Perth. This guarantee is secured by a $74,805 term deposit with Bankwest.

27. (LOSS) PER SHARE

	2009 Cents	2008 Cents
Basic profit / (loss) per share (cents per share)	(3.37)	(3.45)
Diluted profit / (loss) per share (cents per Share)	(3.37)	(3.35)
Weighted average number of ordinary shares used in the calculation of basic loss per share	177,126,221	169,295,741
Weighted average number of ordinary shares used in the calculation of diluted loss per share	177,126,221	174,651,365
Net profit / (loss) attributed to EPS	(5,973,240)	(5,856,727)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, convertible notes, available for sale investments, cash and short-term deposits and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, market risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rate, and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Risk Exposures and Responses

(a) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised Financial Instruments

The credit risk on financial assets (excluding investments) of the consolidated entity, which have been recognised on the balance sheet, is the carrying amount, less any provision for doubtful debts.

(b) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is:

CONSOLIDATED	Note	Weighted Average Interest rate	Floating interest rate $'000	Fixed interest rate $'000	Non-interest Bearing $'000	Total $'000
2009						
Financial Assets						
Cash assets		3.53%	2,863	-	1	2,864
Receivables		2.57%	227	-	26	253
Available- for- sale financial assets		-	-	-	102	102
			3,090	-	129	3,219
Financial Liabilities						
Payables		-	-	-	125	125
Lease Liability		-	-	-	11	11
Converting Note		-	-	-	8,705	8,705
			-	-	8,841	8,841

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CONSOLIDATED	Note	Weighted Average Interest rate	Floating interest rate $'000	Fixed interest rate $'000	Non-interest Bearing $'000	Total $'000
2008						
Financial Assets						
Cash assets	8	7.59%	8,505	-	2	8,507
Receivables	9	2.42%	226	-	365	591
Available for sale financial assets	14	-	-	-	186	186
			8,731	-	553	9,284
Financial Liabilities						
Payables	15	-	-	-	1,443	1,443
Lease Liability	16	-	-	-	-	-
Converting Note	16	-	-	-	9,461	9,461
			-	-	10,904	10,904

THE COMPANY	Note	Weighted Average Interest rate	Floating interest rate $'000	Fixed interest rate $'000	Non-interest Bearing $'000	Total $'000
2009						
Financial Assets						
Cash assets	8	3.28%	2,838	-	1	2,839
Receivables	9	3.96%	182	-	26	208
Available for sale financial assets	11	-	-	-	102	102
Other financial assets	14	4.80%	30,216	-	4,477	34,693
			33,236	-	4,606	32,013
Financial Liabilities						
Payables		-	-	-	125	125
Lease liabilities		-	-	-	11	11
Converting Note		-	-	-	8,705	8,705
			-	-	8,841	8,841
2008						
Financial Assets						
Cash assets	8	7.63%	8,435	-	1	8,436
Receivables	9	8.39%	186	-	365	551
Available for sale financial assets	14	-	-	-	186	186
Other financial assets	11	8.5%	26,014	-	6,713	32,727
			34,635	-	7,242	41,900
Financial Liabilities						
Payables	15	-	-	-	1,443	1,443
Lease liabilities	16	-	-	-	-	-
Converting Note	16	-	-	-	9,460	9,460
			-	-	10,903	10,903

The Group has no variable interest rate risk relating to long-term debt obligations due to a fixed interest rate on issued convertible note. Earnable interest on cash and inter company loans are exposed to market interest rate fluctuations.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk:

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and cash equivalents	2,864	8,507	2,839	8,436
Related party loans	-	-	30,216	25,300
Net exposure	2,864	8,507	33,055	33,736

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Consolidated				
+ 1% (100 basis points)	28	85	28	85
- 1% (100 basis points)	(28)	(85)	(28)	(85)
Parent				
+ 1% (100 basis points)	308	337	308	337
- 1% (100 basis points)	(308)	(337)	(308)	(337)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

(c) Foreign Currency Risk

At Balance date the group currently has no off-shore cash or investments and is not exposed to foreign currency risk.

(d) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised Financial Instruments

Listed shares included in other financial assets are traded in an organised financial market and the net fair value is determined by valuing them at the quoted market bid price for the shares at balance date.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of accounts receivable, payables, bank loans, lease liabilities and employee benefits approximate net fair value.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity Risk

The consolidated entities objective is to maintain a balance between continuity of funding and flexibility through the use of cash at bank, finance leases and hire purchase contracts.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2009. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
6 months or less	125	1,722	125	1,722
6-12 months	-	-	-	-
1-5 years	8,705	9,460	8,705	9,460
over 5 years	-	-	-	-
	8,830	11,182	8,830	11,182

Maturity Analysis of Financial Assets and Liability based on Management's Expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks.

Year ended 30 June 2009	≤ 6 months $'000	6-12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Consolidated Financial Assets					
Cash and cash equivalents	2,864	-	-	-	2,864
Trade and other receivables	35	-	-	-	35
Security Bonds	-	-	-	226	226
Available-for-sale financial assets	102	-	-	-	102
	3,001	-	-	226	3,227
Consolidated Financial Liabilities					
Trade and other payables	(125)	-	-	-	(125)
Convertible Note	-	-	(8,705)	-	(8,705)
	(125)	-	(8,705)	-	(8,830)
Net Maturity	2,876	-	(8,705)	226	(5,603)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Year ended 30 June 2009	≤6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Parent Financial Assets					
Cash and cash equivalents	2,839	-	-	-	2,839
Trade and other receivables	35	-	-	-	35
Security Bonds	-	-	-	226	226
Other Financial Assets	-	-	-	30,216	30,216
Available-for-sale financial assets	102	-	-	-	102
	2,976	-	-	30,442	33,418
Parent Financial Liabilities					
Trade and other payables	(125)	-	-	-	(125)
Convertible Note	-	-	(8,705)	-	(8,705)
	(125)	-	(8,705)	-	(8,830)
Net Maturity	2,851	-	(8,705)	37,113	31,259

Year ended 30 June 2008	≤6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Consolidated Financial Assets					
Cash and cash equivalents	8,507	-	-	-	8,507
Trade and other receivables	365	-	-	-	365
Security Bonds	-	-	-	226	226
Available-for-sale financial assets	186	-	-	-	186
	9,058	-	-	226	9,284
Consolidated Financial Liabilities					
Trade and other payables	(1,722)	-	-	-	(1,722)
Convertible Note	-	-	(9,460)	-	(9,460)
	(1,722)	-	(9,460)	-	(11,182)
Net Maturity	7,336	-	(9,460)	226	(1,898)

Year ended 30 June 2008	≤6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Parent Financial Assets					
Cash and cash equivalents	8,436	-	-	-	8,436
Trade and other receivables	365	-	-	-	365
Security Bonds	-	-	-	185	185
Other Financial Assets	-	-	-	32,727	32,727
Available-for-sale financial assets	186	-	-	-	186
	8,987	-	-	32,912	41,899
Parent Financial Liabilities					
Trade and other payables	(1,722)	-	-	-	(1,722)
Convertible Note	-	-	(9,460)	-	(9,460)
	(1,722)	-	(9,460)	-	(11,182)
Net Maturity	7,265	-	(9,460)	32,912	30,717

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Capital Risk Management

The Consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Consolidated entity consist of cash and cash equivalents, and the equity attributed to equity holders of the parent , comprising issued capital, Converting notes, reserves and accumulated losses as disclosed in notes 17,18,19 and 20 respectively.

Due to the nature of the Consolidated entities' activities (exploration) the directors believe that the most advantageous way to fund activities is through equity. The Consolidated entities' explorations are monitored to ensure that adequate funds are available.

29. CONTROLLED ENTITIES

(a) Particulars in Relation to Controlled Entities

	Interest Held 2009 %	Interest Held 2008 %
Parent Entity		
Breakaway Resources Limited		
Controlled Entities		
BMV Properties Pty Ltd	100	100
Levuka Resources Pty Ltd	100	100
Altia Resources Pty Lid	100	100
Scotia Nickel Pty Ltd	100	100
All entities are incorporated in Australia.		

30. COMMITMENTS

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Lease/Hire Purchase Commitments				
Operating lease repayments are payable as follows:				
not later than one year	288	307	288	307
later than one year but not later than five years	280	544	280	544
	568	851	568	851
Lease/Hire Purchase Liabilities provided for in the Financial Statements				
Current	11	-	11	-
Non-Current	-	-	-	-
Total lease/hire purchase liability	11	-	11	-

31. COMMITMENTS (EXPLORATION)

The consolidated entity has minimum expenditure obligations in pursuance of the terms and conditions of mining tenements in the forthcoming year of approximately $2,404,240 (2008: $3,859,257). These obligations are not provided for in the financial report. These obligations may be varied from time to time subject to statutory approval.

32. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 July 2009, the Company sold its earn-in rights to the Mt Finnerty Joint Venture to Reed Resources Ltd for a total consideration of 500,000 fully-paid ordinary, non-escrowed shares in Reed Resources Ltd.

Director's Declaration

The Directors of Breakaway Resources Limited ("The Company") declare that:

(a) In the Director's opinion the financial statements and notes on pages 48 to 75, and the remuneration disclosures that are contained in the Remuneration report in the Director's Report, set out on pages 35 to 42 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

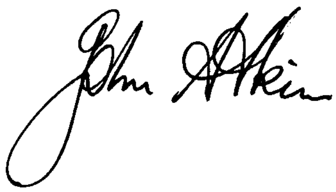
(b) The financial report also complies with International Financial Reporting Standards as disclosed in note 3a;

(c) The remuneration disclosures that are contained in the Remuneration Report in the Director's Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

(d) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.



John K Atkins
Chairman

Dated: 17 September 2009

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BREAKAWAY RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Breakaway Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Breakaway Resources Limited and its controlled entities. The consolidated entity comprises the entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statement,* that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

PKF

Chartered Accountants
& Business Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Breakaway Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2a.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 41 of the directors' report for the year] ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Breakaway Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia, this day 17th of September 2009.

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 16 September 2009.

CAPITAL STRUCTURE

Listed on the Australian Stock Exchange are 179,454,988 fully paid shares. The Company has 4,575,000 unquoted options on issue.

DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholdings as at 16 September 2009 was:

Range	No. of Holders	No. of Securities
1 – 1,000	200	120,633
1,001 - 5,000	700	2,088,274
5,001 – 10,000	486	4,024,289
10,001 – 100,000	1,012	36,023,475
100,001 + over	170	137,198,317
Total	2,568	179,454,988
Less than a marketable parcel	6,250	2,786,280

SUBSTANTIAL SHAREHOLDERS

Shareholder Name	Number of Shares
Norilsk Nickel Australia Pty Ltd	33,399,033
FMR Investments Pty Ltd	18,502,258
Abbotsleigh Pty Ltd	10,000,000

VOTING RIGHTS

Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

COMPANY SECRETARY

The name of the Company Secretary is Trevor Hart. Trevor is a Certified Practising Accountant (CPA) with a Bachelor degree in Accounting from Edith Cowan University and is a Chartered Secretary (ACIS). Prior to his appointment as Company Secretary, Trevor has held the position of Financial Controller of Breakaway Resources Limited since 2003, and has over 17 years experience including over 13 years in the resources and mining services industry. Prior to joining Breakaway he held a number of senior financial positions in other ASX Listed companies.

REGISTERED OFFICE

The registered office is at: Level 2, 23 Ventnor Avenue, West Perth WA 6005

Telephone: +61 8 9278 6444

Facsimile: +61 8 9278 6449

ASX Additional Information

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

Name	Number of Shares	% of Total Issued Shares
Norilsk Nickel Australia Pty Ltd	33,399,033	18.61
FMR Investments Pty Limited	18,502,258	10.31
Abbotsleigh Pty Ltd	10,000,000	5.57
Sherrifmuir Holdings Pty Ltd	4,815,710	2.68
J P Morgan Nominees Australia Limited	3,171,990	1.77
Leet Investments Pty Ltd <Superannuation Fund A/C>	3,100,000	1.73
Nefco Nominees Pty Ltd	3,008,299	1.68
Leet Investments Pty Limited	2,428,000	1.35
Hanobine Holdings Pty Ltd	2,300,000	1.28
Mr Robert Gemelli	2,000,000	1.11
Holbrook Corporation Pty Ltd	2,000,000	1.11
Societe Generale Australia	1,666,668	0.93
Wythenshawe Pty Ltd	1,573,333	0.88
Mr John Sidney Snell & Mrs Carole Veronica Snell <JCGTS Superfund A/C>	1,500,000	0.84
Warramboo Holdings Pty Ltd	1,281,957	0.71
Citicorp Nominees Pty Limited	1,276,202	0.71
Ragged Holdings Pty Ltd <Ragged Super A/C>	1,230,000	0.69
Gascorp Australia Pty Ltd	1,200,000	0.67
Mr Stephen John Alman	1,133,387	0.63
Redtower Corporation Pty Lltd <Sacks Superfund A/C>	1,050,000	0.59
TOTAL	96,636,837	53.85

UNQUOTED SECURITIES (OPTIONS)

The distribution of unquoted option holdings as at 16 September 2009.

Range	No. of Holders
1 – 100,000	4
100,001 – 250,000	3
250,001 - 500,000	1
500,000 – 1,000,000	1
1,000,001 + over	2

Breakaway Resources Limited ABN 16 061 595 051
Level 2, 23 Ventnor Avenue, West Perth WA 6005
Phone: +61 (0)8 9278 6444 Fax: +61 (0)8 9278 6449
www.breakawayresources.com.au