



**ACTIVITY REPORT
FOR THE QUARTER ENDED 31 MARCH 2006**

HIGHLIGHTS

Base metal and gold explorer, Breakaway Resources Limited ("Breakaway") (ASX: BRW), completed an active quarter for the three months to 31 March 2006.

ELOISE PRODUCTION ROYALTY – Q1d

During the quarter the Company received payment of **\$2.1M** relating to the December 2005 quarter. This brings the total royalty payments received by Breakaway up until 31 March 2006 to **\$3.1M**. During the March quarter the Eloise mine produced a total of 16,024 tonnes of copper concentrate. An announcement on the royalty payment for the March quarter will be made as soon as final figures have been provided to the Company from the Mine owner/operator Barminco Investments Pty Ltd.

ELOISE BASE METAL PROJECT – Q1d (100% base metal & copper exploration)

- Six new gold and base metal targets have been identified by geophysical interpretation.
- It is planned to increase the exploration effort in keeping with the perceived potential, recent increases in base metal prices and the importance of cash flows from the Eloise mine royalty.

MIRANDA – WA (100% nickel & base metals rights)

- Shallow, preliminary RC drilling commenced on the Pinnacles Well ultramafic belt with results due in May.
- Thick sequences of prospective ultramafic rocks were intersected by drilling.
- Heritage surveys with traditional owners of the Lake Miranda area remains at an advance stage.

KAMBALDA WEST – WA (100% nickel and gold)

- Wide-spaced RAB drilling identified a broad, low level gold anomaly measuring 1000 metres X 200 metres on the Yilmia greenstone belt.
- Ground TEM surveys completed on the project identified a significant number of new surface conductors for further evaluation.

ELOISE REGIONAL

ELOISE NET PROFIT ROYALTY

The Directors of Breakaway are pleased to report on a series of positive results for the March quarter. In particular the Company received further payments from its 30% net profit royalty in the Eloise Copper Mine in Queensland. As announced to the market on the 22nd February, the Company received payment of \$2.1M for the December quarter bringing total payments received from the royalty to \$3.1M as at 31st March 2006.

The Company is waiting for the March quarter accounts of the Eloise Mine to be finalised by owner/operator Barmenco Investments Pty Ltd before the royalty figure for the quarter is announced. The Company has been advised by Barmenco that the mine produced a total of 16,024 tonnes of concentrate for the quarter compared with a production of 11,594 tonnes for the December 2005 Quarter.

As a consequence of the strong increases in the copper price, these payments are significantly adding to the Company's cash reserves to fund future expansions of future exploration programs.

The Company has been advised by Barmenco that whilst resources and reserves are still in the process of being evaluated, the current mine plan has an expected life of two years. As the deposit remains open at depth, exploration drilling will continue to extend the mine life.

ELOISE EXPLORATION

The Company is planning to elevate exploration on its Eloise exploration project, which surrounds the Eloise mine lease over approximately 350 square kilometres of the Eastern Succession of the Mt Isa block, including 14 strike kilometres of the Levuka Shear zone that hosts the Eloise deposit.

During the quarter, the Company installed an accommodation base for field crews at the mine and has commenced plans to recruit experienced exploration geologists. Geophysical modeling and interpretation of the gravity anomalies identified along the Levuka Shear zone and Maronan Trend identified six new targets. None of these targets were identified by previous explorers.

The Company's future key objectives include exploration for strike repetitions of Eloise style copper mineralization along the Levuka Shear zone, to evaluate new geophysical anomalies as well as evaluating existing poorly drilled copper-gold prospects and to evaluate the Altia Pb- Ag- Zn prospect located 3 kilometres from Eloise.

Much of the prospective geology and structure within the project is obscured by sedimentary cover, which has hampered previous exploration companies but represents a future discovery opportunity for Breakaway.

Field programs planned for the project including drilling, ground geophysical surveys and field mapping will commence once ground conditions improve following recent cyclonic activity which has prolonged the wet season in North West Queensland.

MIRANDA – PINNACLES BELT

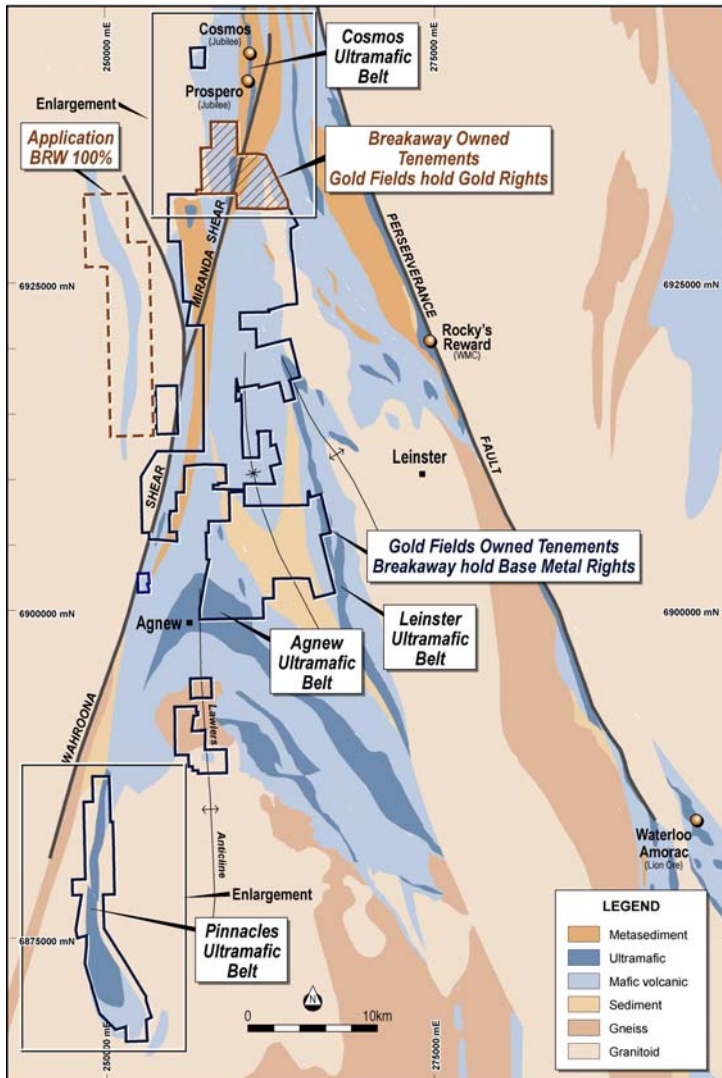


FIGURE 1

sequences of high MgO ultramafics which have nickel/chromium ratios, favourable for nickel sulphide mineralization.

Field heritage surveys with traditional owners on the northern Miranda area are well advanced. The Company is preparing submissions to the relevant government agencies to allow exploration activities to be undertaken in parts of the project area considered less culturally significant by traditional owners.

Breakaway holds a 100% interest in the base metal rights over the 350 square kilometres of tenements (Figure 1), located immediately south of Jubilee Mines' Cosmos and Prospero nickel deposits, in the highly prospective Leinster-Mt Keith nickel belt, Western Australia.

EXPLORATION

During the quarter, the Company commenced a 2,000 metres drilling program comprising 11 shallow RC holes, as a preliminary test of the geology and surface TEM conductors within the southern Pinnacles Well Ultramafic Belt.

As a result of rain associated with Cyclone Glenda and difficult ground conditions, only half the planned program could be completed, with only three holes reaching target depths. A multi-purpose RC-diamond coring drill rig has been booked to commence drilling in mid May, to complete the original program. Analytical results from the program completed to date have indicated the presence of thick

KAMBALDA WEST PROJECT

(BRW 100%)

Breakaway's Kambalda West Project encompasses the Spargoville Nickel Mining Centre, 20 kilometres west of the Kambalda townsite (Figure 2). The area offers prospectivity for both nickel sulphides and gold mineralisation.

NICKEL

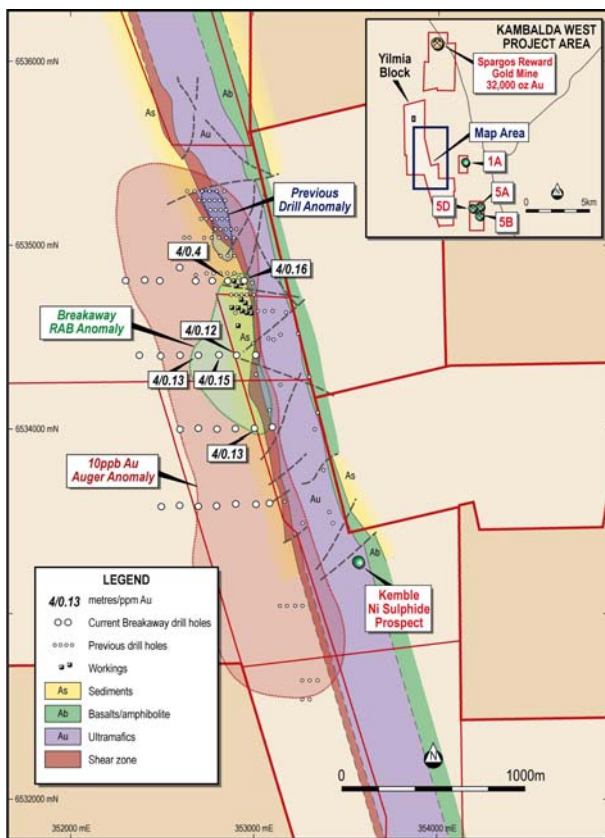
During the quarter, the Company completed 46 line kilometres of TEM surveys along the Yilmia ultramafic sequence and Maincoast option areas, to follow up positive recommendations regarding the nickel prospectivity made by specialist nickel consultant, Dr. Martin Gole. Also, the results of downhole surveys completed on several holes drilled during the previous quarter were received.

Preliminary results from the ground TEM surveys have identified a significant number of new conductors within Ni prospective ultramafic sequences. Once the geophysical interpretation has been completed, the conductors will be ranked against existing geological and geochemical data and follow up programs including drilling to test the prospective targets will be undertaken.

Results of the downhole TEM (DHTEM) surveys completed on holes drilled within the Spargoville and Spargos Reward ultramafic belt have indicated that three of the holes drilled have off-hole conductors that require follow up drill testing.

Within the Spargoville nickel camp, an off-hole TEM conductor was identified in hole 05KWRC002. This hole was drilled to evaluate a ground TEM conductor approximately 400 metres south of the Andrew's Nickel mine which produced approximately 8,000t of nickel metal in the 1970's. Hole 05KWRC002, deviated significantly from the planned target position and as a result did not pierce the prospective basal contact that hosts the deposit. The DHTEM conductor, which could coincide with the projected position of the prospective contact, is located approximately 30 metres off the end of the hole. Follow up drill testing of the anomaly will be completed as a priority.

Within the Spargos Reward ultramafic belt hole 05KWRC003 intersected an off-hole conductor at a depth of 192 metres which cannot be explained by the drill hole results. Hole 05KWRC004 was drilled to as depth of 156 metres and a DHTEM conductor was intersected beyond the end of the hole. Both conductors will require follow up drill testing.



GOLD

During the quarter, the Company completed a program of RAB drilling to test five (5) gold in auger geochemical targets within the Yilmia and Gilbert option areas (figure 2). A total of 138 angled RAB holes 4028m of drilling were completed on a broad reconnaissance grid spacing. Analytical results for all of the drilling have been received and several broad anomalous zones have been identified.

At Yilmia drilling on a 400 metres X 100 metres pattern defined an anomaly measuring approximately 1000 metres X 200 metres, extending south from old gold workings (previously drilled in the 1990's), along a major regional shear zone between mafic and ultramafic units and sediments. Anomalous results for 4 metre composite samples are presented in the table below and as shown in Figure 2.

FIGURE 2

Hole ID	North	East	TD	Azi	Dip	From	To	Interval (m)	Au ppm
06KWRB104	6534003	353000	12	270	-60	4	8	4	0.13
06KWRB109	6534400	352699	26	270	-60	16	20	4	0.13
06KWRB110	6534400	352805	38	270	-60	8	12	4	0.15
06KWRB111	6534399	352906	46	270	-60	36	40	4	0.12
06KWRB119	6534797	352907	51	270	-60	12	16	4	0.42
06KWRB120	6534779	352985	48	270	-60	36	40	4	0.16
06KWRB129	6537804	351904	62	270	-60	28	32	4	0.17

TABLE 1

Given the broad nature of the initial drilling and geological setting, the Company considers these first pass results sufficiently encouraging warranting further infill drilling, to determine if the structure hosts a major gold system.

RAB drilling on the Gilbert option tenements to the east of Yilmia returned two broad arsenic anomalies, however no anomalous gold results were returned.

The Company intends to follow up these encouraging results with infill RAB drilling to further define the anomalies and allow for a focused RC drilling campaign to be completed on the targets.

WORK DURING THE COMING QUARTER

- Complete the drilling program at Pinnacles Well.
- Drill test DHTM conductors at Spargoville.
- In fill RAB drilling of anomalous gold results at Yilmia Prospect.
- Evaluate the new ground TEM conductors at Yilmia and Maincoast option areas.
- Continue planning for exploration at Eloise.



JON YOUNG
Chairman

28th April 2006

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by James Guy who is a Member of The Australian Institute of Geoscientists. James Guy is a fulltime employee of the Company and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. James Guy consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.