



**BREAKAWAY**  
Resources Limited

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# **QUARTERLY REPORT**

**For the period ending  
30 September 2005**

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# HIGHLIGHTS

Base metals explorer and development company, Breakaway Resources Limited ("Breakaway") (ASX: BRW), completed an active quarter for the three months to 30 September, 2005.

## CORPORATE

Subsequent to the end of the quarter, the Company has received \$3.5 million from the issue of the Converting Notes to LionOre Australia Pty Ltd ("LionOre") and is now well funded for aggressive exploration initiatives.

## MIRANDA- WA (100% nickel & base metals rights)

- HiSquid and Fluxgate EM surveys completed over selected areas.
- Interpretation of data well advanced.
- Initial 5,000 metre drilling program to commence in November.
- Extensive Fluxgate EM survey near complete on Hansen Well and Woolshed prospects.

## KAMBALDA WEST – WA (100% nickel)

- 11 MLTEM conductors selected for further work.
- Selected 1,500 metre preliminary RC drill program in December to test conductors.
- New assay results highlight a number of anomalous gold values within the Gilbert area.
- Initial RAB/air core drill program planned to test Gilbert's high grade gold potential.

## ELOISE – Qld (100% copper exploration & royalty interest)

- Brisbane based consultancy firm GeoDiscovery Group Pty Ltd ("GeoDiscovery"), completes geological review and targeting exercise.
- 16 new priority base metal targets for evaluation identified outside of known prospects.

# MIRANDA

Breakaway holds a 100% interest in the base metal rights over the 350 square kilometres of tenements in the Agnew area of Western Australia. (Figure 1).

## EXPLORATION

### MIRANDA NORTH

The Miranda North Project, located just four kilometres south of Jubilee Mines NL's ("Jubilee") Prospero nickel discovery, contains the southern extension of the Cosmos ultramafic belt which hosts announced resources of over 400,000 tonnes of contained nickel.

The sequence has been interpreted southward over five kilometres before being incorporated into the Miranda Shear. (Figure 2).

Since consolidating 100% of the base metal rights for this strategically positioned nickel ground, Breakaway has commenced a methodical exploration initiative designed to maximize the potential for a future nickel discovery, similar to those by Jubilee to the immediate north of Breakaway's tenements. The knowledge gained by these earlier discoveries will be valuable in understanding the environment in which potential ore bodies to the south may occur.

During the quarter, an orientation ground EM survey utilising the new HiSquid technology was completed over selected areas.

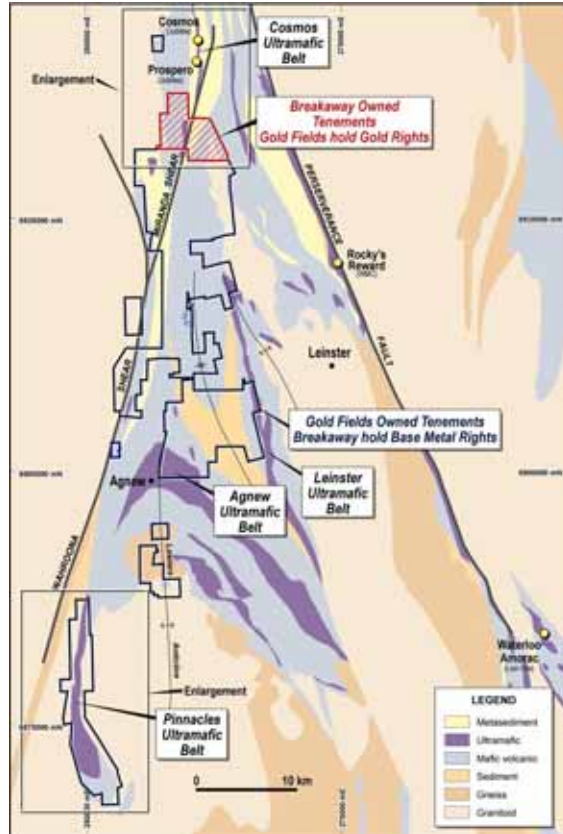


FIGURE 1

Following the completion of the orientation survey, an extensive Fluxgate ground EM survey covering the entire prospective ultramafic sequence at Miranda North was undertaken with the objective of providing definition of prospective drilling targets.

The HiSquid survey successfully identified several anomalous responses in the Green Sock Well area adjacent to previously identified anomalous nickel assays in drill holes completed by the Agnew Joint Venture in 1975.

The results of the follow-up Fluxgate EM survey are currently being interpreted and will be used to plan an initial 5,000 metre air core drilling program to commence in November.

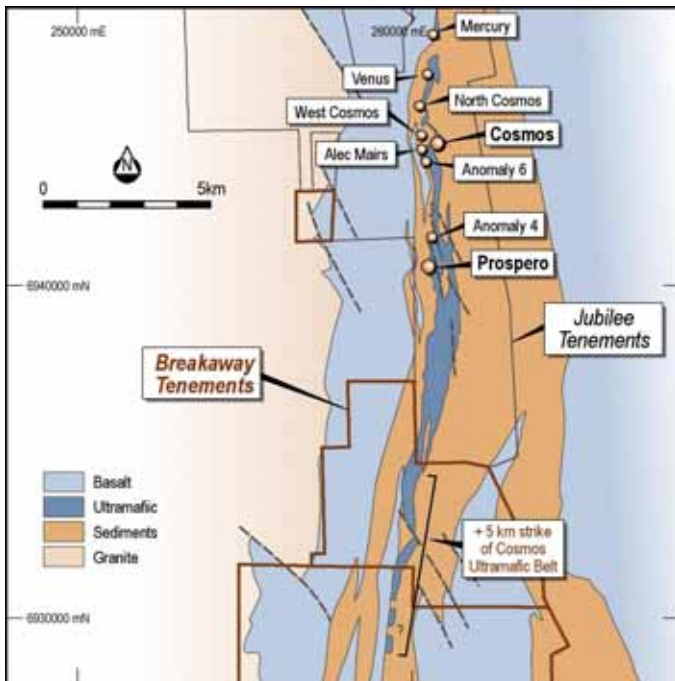


FIGURE 2

## PINNACLES WELL

Compilation of previous Selcast geological mapping and drill hole geology for the Pinnacles ultramafic belt was completed during the quarter.

At Pinnacles, outcrop mapping and drill chip relogging at the Hanson Well and Woolshed nickel prospects previously identified by Selcast have been completed. The MLTEM survey completed in 2000 has been reviewed with both prospects requiring fixed loop EM surveys to define targets for drill testing.

A large Fluxgate ground EM survey of Pinnacles Well target areas commenced immediately after the end of the quarter and is expected to be completed early in November.

## KAMBALDA WEST PROJECT

(BRW 100%)

Breakaway's Kambalda West nickel project encompasses the Spargoville Nickel Mining Centre, 20 kilometres west of Kambalda townsite. (Figure 3).

### EXPLORATION

#### SPARGOVILLE

A detailed study of the ultramafic sequences within the Kambalda West area has commenced to identify extensions to known favourable nickel sulphide horizons and to assist in future identification of new prospects of interest.

#### SPARGOS SOUTH

A preliminary interpretation of the ground EM survey from the Spargos Reward South has been received. A total of 11 conductors have been identified as requiring follow-up work. Detailed mapping around each of the conductors is currently underway prior to commencing a RC drill program of 1,500 metres to test a number of the ground EM conductors. This drilling program is scheduled to commence in December subject to equipment availability.

#### REGIONAL

An 848 sample auger geochemical sampling program during the quarter conducted on a 200m x100m spacing completed the geochemical coverage of the Kambalda West project area including all recently granted tenements.

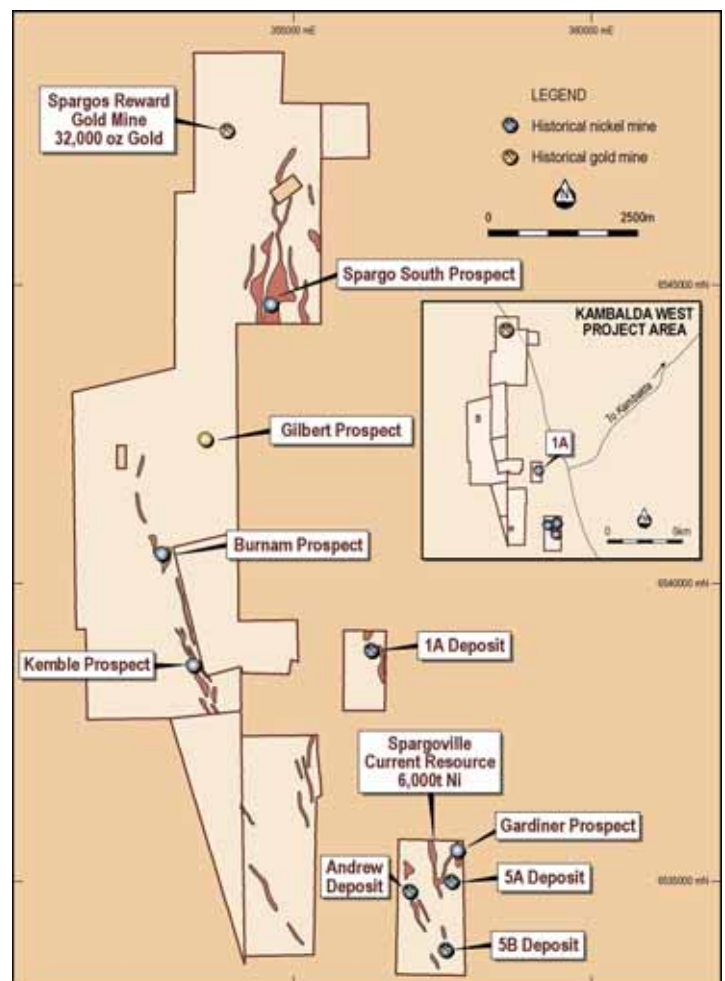


FIGURE 3

The assay results from the geochemical program delineated the distribution of the prospective ultramafic units in the Central and Yilmia Belts. Of particular interest are a number of anomalous gold values (to a maximum of 17 ppb) concentrated within sediment/felsic volcanic sequences in the Gilbert area. (Figure 4).

These results, combined with the earlier highly anomalous results (to 9g/t gold) from the Gilbert area, have highlighted an area of potential gold mineralisation associated with granitic intrusives.

Once all of the data has been evaluated, an initial RAB/Air core program is planned for the December quarter to test the gold targets.

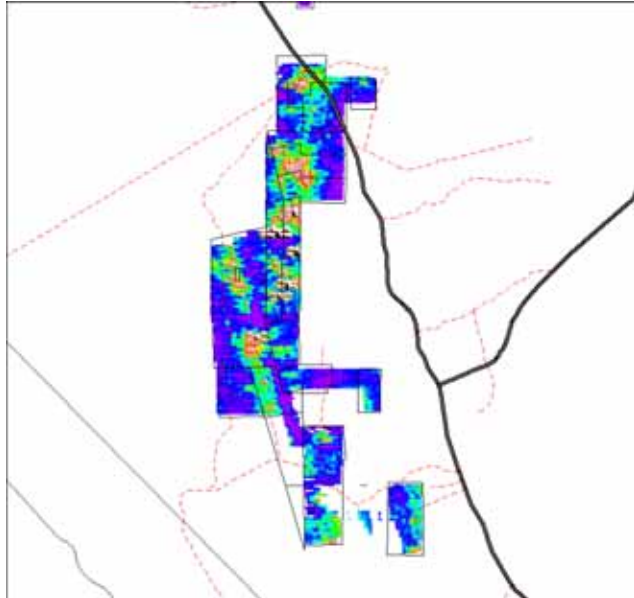


FIGURE 4. GOLD AUGER ANOMALIES

## ELOISE REGIONAL

### EXPLORATION

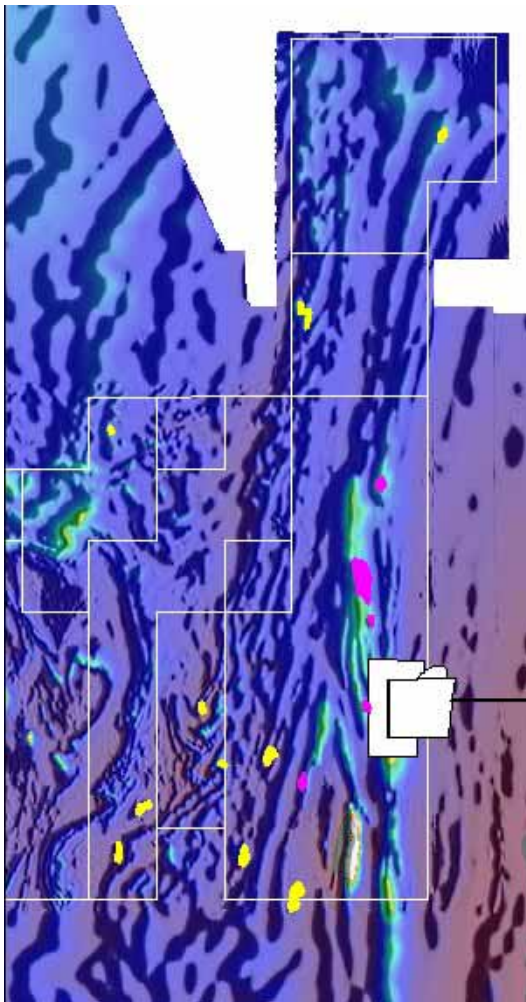


FIGURE 5. ELOISE TARGETS

Early in the quarter, a 400 station gravity survey was completed at the Levuka North area targeting the Levuka Shear trend.

In conjunction with the gravity survey, GeoDiscovery completed a geological review and targeting exercise over the Eloise project area utilising detailed aeromagnetic and gravity data recently acquired by the company. The work focused on the eastern third of the project area which is mostly under cover ranging from 10 – 150 metres deep.

The results are very encouraging with the identification of 16 new priority “Broken Hill type” and “Eloise type” base metal targets for evaluation beyond the known prospects at Eloise and Altia. (Figure 5)

Further analysis of additional ground EM results data over several of the priority targets has recommended future FLTEM follow up surveys on three targets to verify anomalous responses in the underlying bedrock.

The detailed gravity survey coverage is currently being extended over the Maronan Trend, located to the west of the Eloise Copper Mine, and will infill the remaining unsurveyed sections of the Levuka Shear. Results are pending.

## **ALTIA PROSPECT**

All previous DHTEM survey data was acquired for the Altia Prospect and re-interpreted during the quarter.

Encouragingly, 18 of the 23 holes surveyed recorded off hole conductors related to anomalous Pb-Ag-Zn mineralisation at Altia. Several drill holes also recorded several conductors that appear to be related to Cu-Au mineralisation that will require further follow up.

Detailed planning of a drilling program to scope out the resources potential of the Altia mineralisation is underway. It is anticipated the drilling will commence in early 2006, weather permitting.

## **CORPORATE**

The Ordinary General Meeting held on July 24, 2005 at Perth's Exchange Plaza, approved the issue of \$3.5 million in Converting Notes to LionOre.

These funds were received subsequent to the end of the quarter, ensuring that Breakaway is well funded for its forthcoming exploration initiatives.

The receipt of funds completes Breakaway's strategic re-structuring program, delivering sole ownership of three company-making base metal assets, and capital adequacy to accelerate future exploration.

The documentation covering the previously announced restructuring of the Miranda and Vivien Joint Ventures with Agnew Gold Mining Company Pty Ltd was completed and executed during the quarter.

## **FUTURE WORK**

- Completion of the major ground Fluxgate EM survey at Pinnacles Well early in November.
- Commence first drilling program at Miranda North in November with 5,000 metre air core program.
- First evaluation of gold geochemical targets in the Gilbert area at Kambalda West to commence in December with RAB/air core drilling program.
- Testing of selected new ground EM anomalies at Spargos South with 1,500 metre RC drilling program to commence in December.



**MICHAEL MULRONEY**  
Managing Director

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.



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