

**ACTIVITY REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

HIGHLIGHTS

Nickel Exploration – Western Australia

- Breakaway to recommence nickel exploration drilling with a 2,000 metre diamond drilling programme to further test the high priority Western Contact prospect at the Saints Nickel Target (100%-owned Scotia Project) where Breakaway has previously intersected thickened nickel sulphides (i.e. 27.45m @ 1.80% Ni, 4.80m @ 2.81% Ni, and 2.30m @ 2.64% Ni).
- Drilling to commence in early November 2009.

Gold Exploration – Western Australia

- Significant intercepts including **8m @ 3.11g/t Au** and **8m @ 2.89g/t Au** have confirmed Breakaway'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.
- Drilling of the Scotia Gold Target has the confirmed geological controls on existing mineralisation and returned significant intercepts including **3m @ 2.70g/t Au**, **4m @ 1.24g/t Au**, and **2m @ 1.92g/t Au**.

Cash Position

- The Company's cash position at the end of the Quarter was \$2.1 million.

OVERVIEW

Breakaway has a quality portfolio of projects which are highly prospective for nickel, gold and base metals, and are strategically located within several highly endowed mineral districts in Western Australia and Queensland (Figure 1). While a large number of targets have been identified on all of the projects, Breakaway has adopted a focussed, pragmatic approach to its ongoing exploration activities.

During the Quarter, the Company completed a 2,135 metre Reverse Circulation drilling programme to further test two high quality gold targets within the North Eastern Goldfields of Western Australia – Spargos Reward and Scotia South. The gold focus reflected the Board's view of the assets considered most likely to drive shareholder value for the Company in the short term. However this does not change the Company's commitment to its long-term corporate objective of discovering a stand-alone nickel sulphide deposit of no less than 30Kt nickel metal @ 3% Ni (in Reserve).

In pursuit of the objective, the Company has announced the resumption of nickel exploration activities with a 2,000 metre Diamond drilling programme to further test the high priority Saints Nickel Target, located on the 100%-owned Scotia Project, 60 kilometres north of Kalgoorlie WA, commencing during the December Quarter.

The Company's cash position at the end of the Quarter was \$2.1 million.

NICKEL EXPLORATION ACTIVITIES – WESTERN AUSTRALIA

Saints Nickel Target – Scotia Project (Breakaway 100%)

Breakaway is to resume nickel exploration activities with a 2,000 metre Diamond drilling programme testing the high priority Western Contact prospect at the Saints Nickel Target (100%-owned Scotia Project) where Breakaway has previously intersected thickened nickel sulphides (i.e. 27.45m @ 1.80% Ni, 4.80m @ 2.81% Ni, and 2.30m @ 2.64% Ni).

Located 15 kilometres north of the Scotia Nickel Mine (historic production ~14,700t nickel metal), nickel sulphide mineralisation at the Saints is present as a series of sub-parallel planar zones developed along a strongly sheared eastern and western ultramafic/basalt contact (Figure 2 and 3) termed the Eastern and Western Contact respectively.

On the Eastern Contact, previous exploration has located two mineralised zones located 400 metres apart – St Andrews and St Patricks (A Mineral Resource of 135,600t @ 3.70%Ni for 5,000t Ni metal and categorised as an Inferred Resource was reported for St Patricks in accordance to the JORC Code guidelines in 2006).

The Western Contact was discovered by Breakaway in 2007 following up anomalous aircore geochemistry. Subsequent drilling over 600 metres strike extent located +1% nickel sulphides in a large number of holes with grades up to 6.29% Ni. A north plunging zone of higher grade matrix sulphides was defined at the southern end of the Western Contact (Figure 4). The zone has been drilled on nominal 50 metre centres over approximately 150 metres strike length to a vertical depth of 180 metres and remains open in all directions. Significantly the zone displays "pinching and swelling" of mineralisation and includes the following intersections:



Figure 1: Breakaway Project Locations

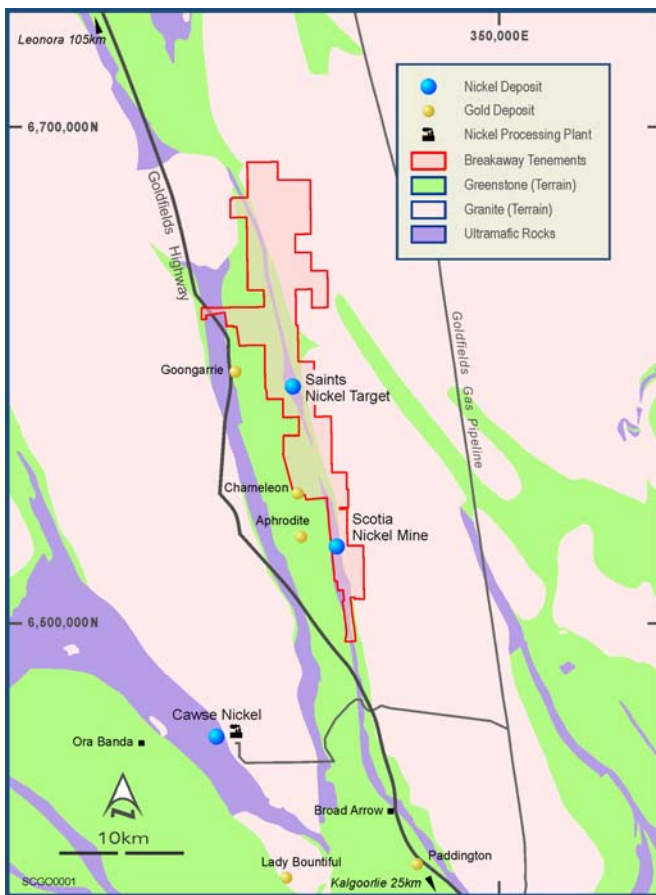


Figure 2: Scotia Project – Saints Nickel Target Location Plan

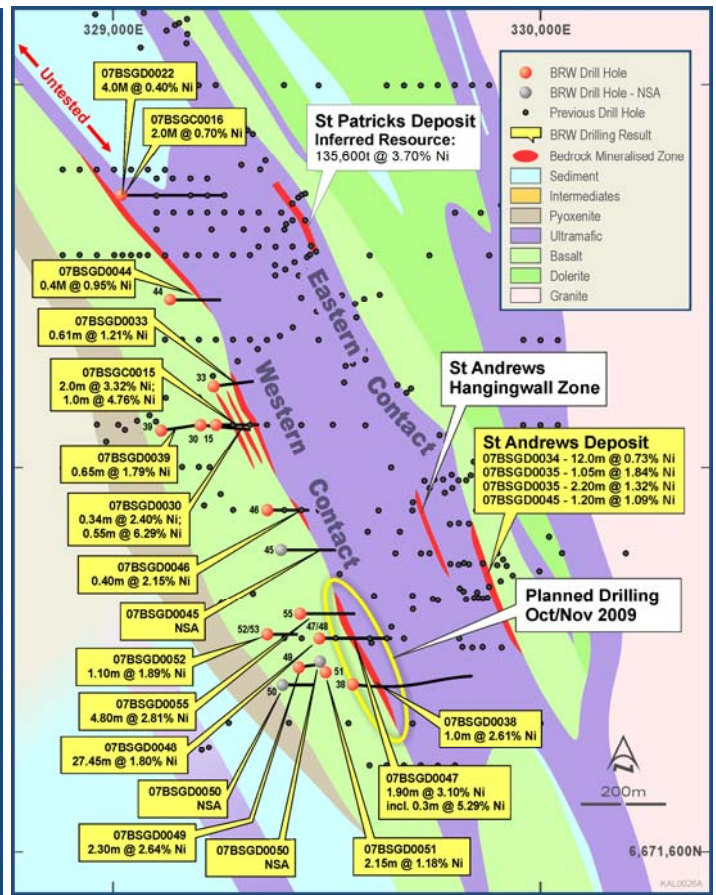


Figure 3: Saints Nickel Target Drill Hole Location Plan showing Geology, Mineralised Zones and Planned Drilling

- 07BSGD0047 – 1.90m @ 3.10% Ni from 78.75 metres (incl. 0.30m @ 5.29% Ni from 87.75 metres)
- 07BSGD0048 – 27.45m @ 1.8% Ni from 143.05 metres
- 07BSGD0055 – 4.8m @ 2.81% Ni from 114.70 metres

The drill programme will test the Western Contact's north plunging zone for a further 50 metres along strike, 150 metres down plunge to a vertical depth of 280 metres and enable the reinterpretation of several previously obtained DHTEM conductors that are present within the mineralised zone. The Western Contact represents an exceptional opportunity for the Company to rapidly delineate additional nickel sulphides down plunge from the known mineralisation.

Breakaway views this programme as a key development in realising its primary corporate objective of discovering a stand-alone nickel sulphide deposit of no less than 30Kt nickel metal @ 3% Ni (in Reserve) and looks forward to carrying out additional drilling based on success in the initial programme.

Drilling is scheduled to commence in early November 2009.

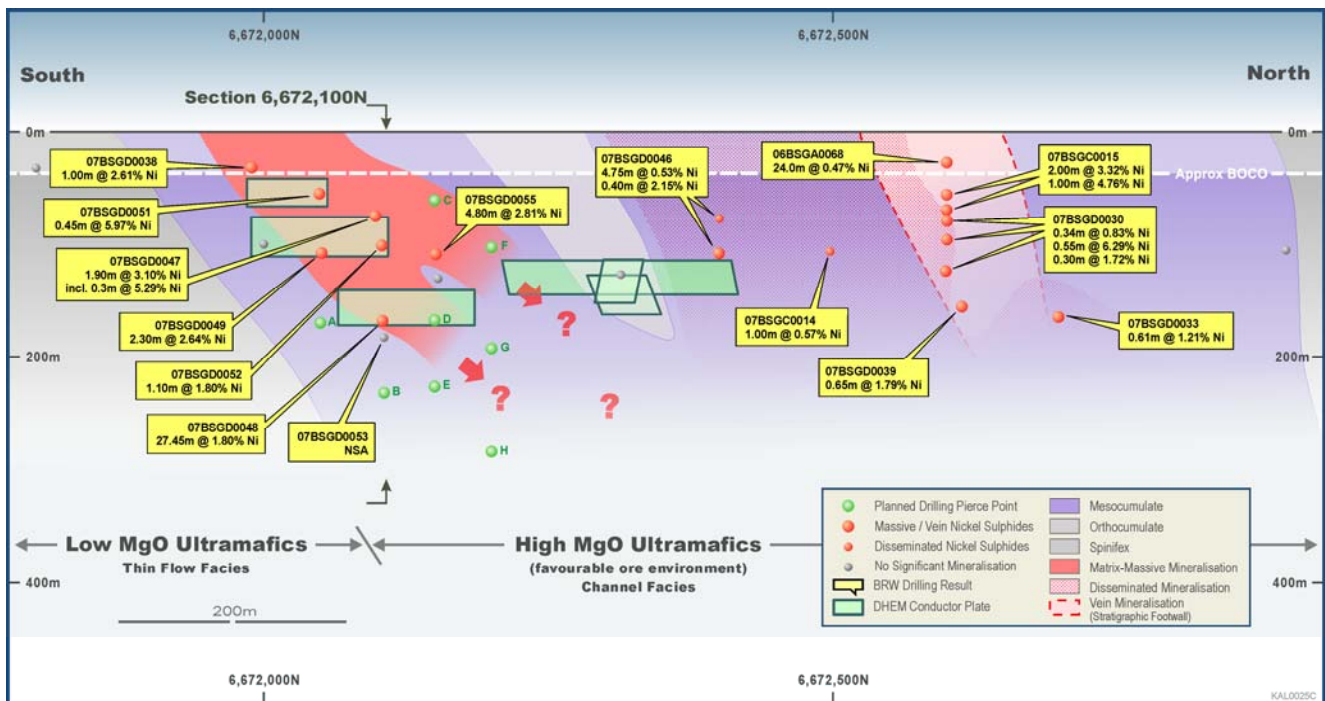


Figure 4: Western Contact Long Section

GOLD EXPLORATION ACTIVITIES – WESTERN AUSTRALIA

During the Quarter, Breakaway completed a 2,135 metre Reverse Circulation drilling programme to test the priority Spargos Reward and Scotia Gold Targets.

Spargos Reward Gold Target – West Kambalda Project (Breakaway 100%)

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 (Figure 5).

An 11-hole Reverse Circulation (RC) drilling programme for 840 metres was completed during the Quarter to test a number of shallow gold targets immediately north and south of the historical workings where approximately 126,000 tonnes @ 8g/t Au (~29,000oz) was extracted via open pit and underground mining to a depth of 120 metres (Figure 6).

The drilling programme focused on testing potential near-surface positions immediately adjacent to the existing workings over a total strike length of 500 metres and to a vertical depth of approximately 50 metres. All holes intersected the targeted positions, returning significant intercepts including:

09BKWC006	1m @ 5.29g/t Au from 26m (West Lode – immediately north of historic workings)
09BKWC007	8m @ 3.11g/t Au from 21m incl. 2m @ 10.14g/t Au from 27m (West Lode – immediately north of historical open pit)
09BKWC010	8m @ 2.89g/t Au from 86m incl. 2m @ 6.65g/t Au from 86m (Main Lode – south of the historical workings)
09BKWC008	2m @ 2.49g/t Au from 69m (West Lode – north of historical workings)

See Table 1 attached for a full list of drill hole intercepts and collar details.

These intercepts, located on the immediate periphery of the historical workings, have confirmed Breakaway'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. Within the workings, gold mineralisation occurs within the parallel developed West Lode and Main Lode.

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 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 61m** indicates that the system remains along strike and that this area offers excellent exploration potential. This southern continuation has been poorly tested by historical drilling with only three wide spaced shallow traverses completed over approximately 500 metres strike length and remains a priority for follow up drilling activities.



Figure 5: Spargos Reward and Scotia Gold Targets Location Plan

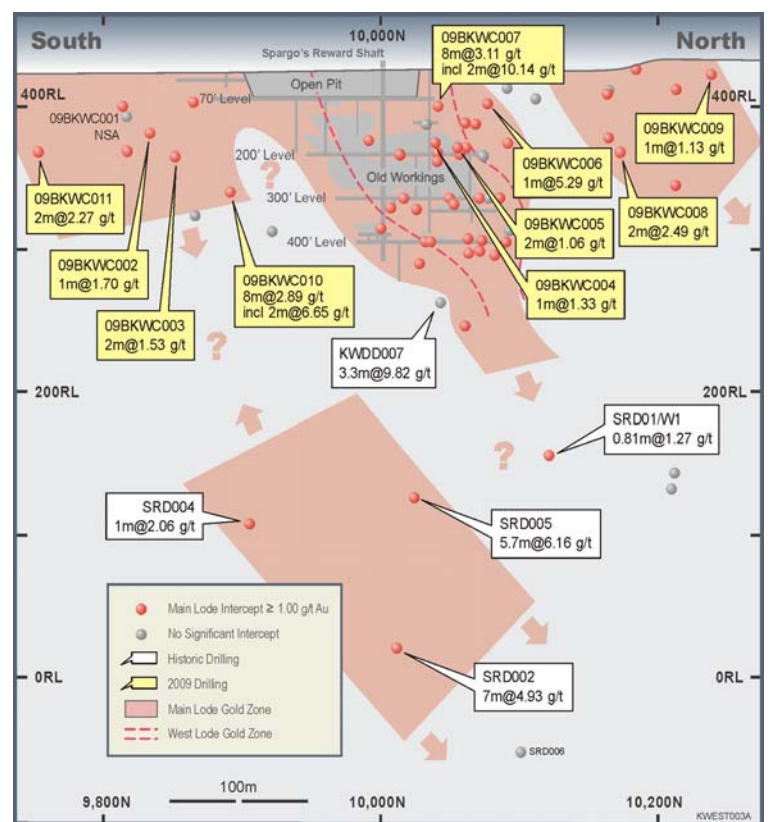


Figure 6: Spargos Reward Gold Target Long Section

Scotia Gold Target – Scotia Project (Breakaway 100%)

The Scotia Gold Target forms part of Breakaway's 100%-owned Scotia Exploration Project, and is located on two granted Mining Leases approximately 70 kilometres northwest of Kalgoorlie and 10 kilometres from the sealed Goldfields Highway (Figure 5).

The 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 two discrete surface geochemical anomalies known as "Nova Scotia" and "South Scotia" (Figure 7). The anomalies are all considered to be in-situ and, where previously drilled, have been shown to directly overlie bedrock gold mineralisation.

Ten Reverse Circulation (RC) holes were drilled (1,295 metres) to test for extensions both down dip and along strike to the existing mineralisation at both locations.

At South Scotia, drilling on 50 metre spaced sections either side of the 6648550N (AMG) section (i.e. hole SCMC12 - 13m @ 0.6g/t from 46 metres and 10m @ 1.63g/t Au from 80 metres including 2m @ 2.5g/t Au from 86 metres.) failed to extend the known mineralisation. Drilling has now been undertaken over a 200 x 100 metre area centred on the 6648550N (AMG) section and to a depth of 150 metres vertically. Whilst the newly drilled holes intersected equivalent altered and sheared lithologies only isolated gold mineralisation was encountered with the following significant intercepts returned:

09BSGC002 - 3m @ 2.70g/t Au from 18 metres and 2m @ 1.51g/t Au from 30 metres
(50m north of SCMC12)

09BSGC006 - 4m @ 1.24g/t Au from 109 metres
(50m south of SCMC12)

Anomalous gold mineralisation is intimately associated with thin (≤ 5 metres) sheared and highly discontinuous carbonaceous sedimentary units. While there is potential for further gold mineralisation within the greater area, the highly attenuated and variable nature of the controlling sedimentary unit, downgrades the potential for a significant accumulation of gold to be delineated both at the South Scotia prospect and the surrounding area.

At Nova Scotia four holes were drilled to test both up-dip and 50 metres north and south along strike from the previously drilled 07BSGD0024 which returned 37m @ 0.56 g/t Au from 127 metres, including 1m @ 2.41 g/t Au from 150 metres, 2m @ 4.85g/t Au from 154 metres, and 1m @ 1.25g/t Au from 163 metres. This mineralisation occurs within a steeply west – dipping sheared mafic basalt unit. Drilling returned the following significant intercepts both up-dip and 50 metres south along strike from 07BSGD0024:

09BSGC007 - 20m @ 0.54g/t Au from 64 metres
(75 metres up-dip of 07BSGD0024)

09BSGC006 - 2m @ 1.92g/t Au from 41 metres and 1m @ 1.02g/t Au from 75 metres
(50 metres south of 07BSGD0024)

See Table 2 attached for a full list of drill hole intercepts and collar details.

Drilling successfully confirmed the nature and geometry of the Nova Scotia mineralisation and highlighted the potential for additional mineralisation, albeit low grade, both at depth and along strike. The absence of a high grade supergene gold zone associated with the mineralised zone, downgrades the potential for a significant accumulation of gold at the prospect.

While the potential for further gold mineralisation, albeit low grade remains at both prospects, no follow up work is planned due to the resumption of nickel exploration activities.

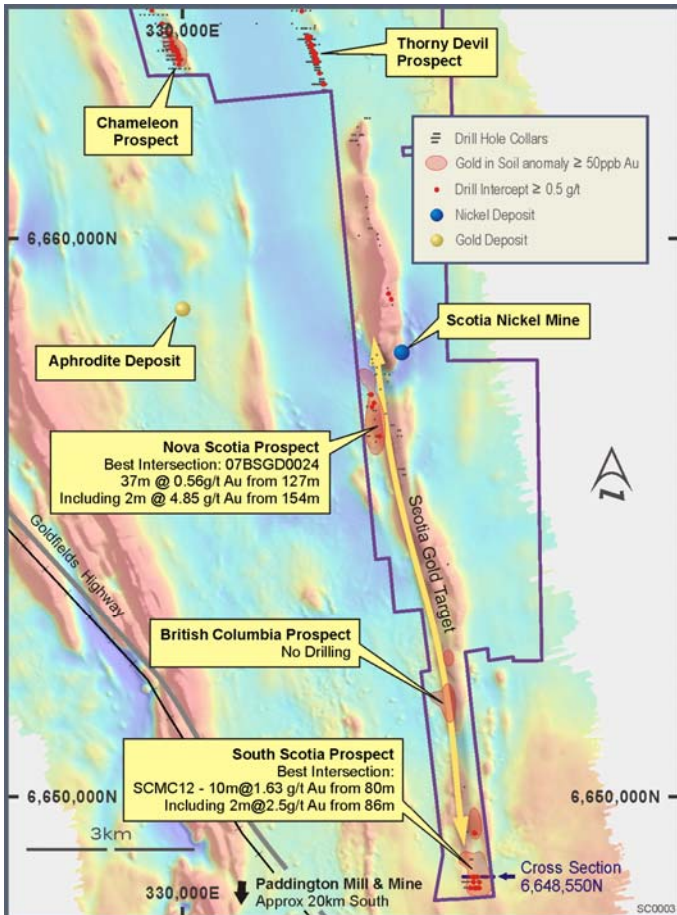


Figure 7: Scotia Gold Target Prospect Location Plan

Regional Gold Targets – West Kambalda Project (Breakaway 100%)

Concurrent with the Spargos Reward drilling, the Company also undertook field work to verify a number of additional zones of previously identified bedrock gold anomalism ($\geq 0.5\text{g/t Au}$) and surface geochemical anomalies present throughout the broader West Kambalda Project area. Together with the Spargos Reward and Scotia Gold Targets, the regional gold targets provide an attractive pipeline of gold exploration opportunities and have significantly enhanced the value of the Company’s gold exploration portfolio.

OTHER PROJECTS

ELOISE COPPER MINE – (BREAKAWAY 30% NET PROFIT INTEREST)

As previously reported in the March Quarterly, the Eloise Copper Mine remains on temporary care and maintenance awaiting a decision by the mine owner, FMR Investments Pty Ltd (FMR) to reopen the mine. FMR have advised that they continue to monitor market conditions and will only reopen the mine once they have confidence in a sustained higher AU\$ copper price.

OUTLOOK

Exploration activities for the December Quarter will focus on the drilling of the Saints Nickel Target, and the ongoing development of nickel exploration targets within the project portfolio. The Company looks forward to informing the market of the drilling programme's progress.



DAVID HUTTON
Chief Executive Officer

For further information, please contact:

Mr David Hutton
CEO & Exploration Manager
T: +61 (0)8 9278 6444
F: +61 (0)8 9278 6449
Mobile: 0417 974 843
E. admin@breakawayresources.com.au

Mr John Atkins
Chairman
Mobile: 0419 767 573

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

Table 1: Spargos Reward Drill Hole Intercepts and Collar Details

Hole id	Lode	Northing	Easting	Azi ^o	Dip ^o	From	Width	Au g/t
09BKWC001	Main	6543022	354174	270	-60	32.0	4.0*	0.59
09BKWC002	Main	6543041	354178	270	-60	50.0	1.0	1.70
09BKWC003	Main	6543058	354185	270	-65	64.0	2.0	1.53
09BKWC004	West	6543249	354192	270	-65	59.0	1.0	1.33
09BKWC005	West	6543263	354196	270	-65	61.0	2.0	1.06
09BKWC006	West	6543288	354179	270	-65	26.0	1.0	5.29
09BKWC007	West	6543255	354164	270	-65	21.0	8.0	3.11
						including		
	"	"	"	"	"	27.0	2.0	10.14
09BKWC008	West	6543384	354212	270	-65	69.0	2.0	2.49
09BKWC009	West	6543447	354201	270	-65	8.0	1.0	1.13
09BKWC010	Main	6543093	354208	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	6542963	354160	270	-65	61.0	2.0	2.27

Table 2: Scotia Project – Scotia Gold Target Drill Hole Intercepts and Collar Details

Hole ID	Northing	Easting	Azi ^o Mag	Dip °	From	Downhole Width (m)	Grade (%)					
							Pb (%)	Ag (g/t)	Zn (%)	Cu (%)	Ni (%)	Au (g/t)
Scotia Gold Targets												
09BSGC001	6648575	335135	090	-60	-	-	NSA	NSA	NSA	NSA	NSA	NSA
09BSGC002	6648625	335195	090	-60	18.00	3.00	NSA	NSA	NSA	NSA	NSA	2.70
					25.00	1.00	NSA	NSA	NSA	NSA	NSA	0.89
					30.00	2.00	NSA	NSA	NSA	NSA	NSA	1.51
09BSGC003	6648625	335155	090	-60	-	-	NSA	NSA	NSA	NSA	NSA	NSA
09BSGC004	6648625	335115	090	-60	-	-	NSA	NSA	NSA	NSA	NSA	NSA
09BSGC005	6648525	335195	090	-60	-	-	NSA	NSA	NSA	NSA	NSA	NSA
09BSGC006	6648525	335155	090	-60	109.00	4.00	NSA	NSA	NSA	NSA	NSA	1.24
09BSGC007	6657200	333376	090	-60	64.00	20.00	NSA	NSA	NSA	NSA	NSA	0.54
09BSGC008	6657200	333435	090	-60	-	-	NSA	NSA	NSA	NSA	NSA	NSA
09BSGC009	6657155	333380	090	-60	41.00	2.00	NSA	NSA	NSA	NSA	NSA	1.92
					69.00	1.00	NSA	NSA	NSA	NSA	NSA	0.52
					75.00	1.00	NSA	NSA	NSA	NSA	NSA	1.02
09BSGC0010	6657260	667260	090	-60	-	-	NSA	NSA	NSA	NSA	NSA	NSA

Calculation of Drill Hole Results:

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 AMG coordinates (MGA datum – zone 51). End of hole surveys were obtained using an Eastman single shot survey camera.