



breakaway

BREAKAWAY RESOURCES LIMITED

ABN 16 061 595 051

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

FRIDAY, 16 NOVEMBER 2012

2.00PM

AT

**THE SUBIACO ARTS CENTRE
GALLERY ROOM
180 HAMERSLEY ROAD
SUBIACO
WESTERN AUSTRALIA 6008**

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at the Subiaco Arts Centre, Gallery Room, 180 Hamersley Road, Subiaco, Western Australia on Friday 16 November 2012 at 2pm (WST).

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return to the Company's share registry, Computershare Investor Services Pty Limited, by:

- (a) **Post: GPO Box 242, Melbourne, Victoria, 3001**
- (b) **Facsimile: (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555**

so that it is received not later than **2.00 pm (WST) on Wednesday 14 November 2012.**

Proxy Forms received later than this time will be invalid.

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Company's Directors have determined that all shares of the Company that are quoted on ASX at 5pm (WST) on 14 November 2012 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

If you need any further information about this form or attendance at the Annual General Meeting, please contact the Company Secretary on (08) 9278 6444.

Notice is hereby given that the Annual General Meeting of Breakaway Resources Limited (“the Company”) will be held at the Subiaco Arts Centre, Gallery Room, 180 Hamersley Road, Subiaco, Western Australia on Friday 16 November 2012 at 2pm (WST).

AGENDA

FINANCIAL REPORT

To table the Annual Financial Report of the Company for the year ended 30 June 2012 and the related Directors' Report, Directors' Declaration and Audit Report thereon.

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes the various matters to be considered at the Annual General Meeting. Shareholders should read the Explanatory Memorandum before deciding how to vote.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

To consider and, if thought fit to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Directors’ Report in the Annual Report for the year ended 30 June 2012”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any of the key management personnel listed in the Remuneration Report and any of their closely related parties. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

RESOLUTION 2 – RE-ELECTION OF MR JEFF GRESHAM AS A DIRECTOR

To consider and if thought fit, to pass the following as an **ordinary** resolution:

“That Mr Gresham, having retired from the office of Director by rotation in accordance with Listing Rule 14.4 and paragraph 9.1 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director, is hereby re-elected as a Director of the Company with immediate effect.”

RESOLUTION 3 – RATIFICATION OF PREVIOUS SHARE ISSUE – NOVEMBER 2011

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders of the Company approve and ratify the prior issue of 22,683,165 fully paid ordinary shares at 4.9 cents per share on 15 November 2011 to sophisticated and professional investors, to fund ongoing working capital requirements of the Company.”

Voting Exclusion: For the purposes of ASX Listing Rule 7.5.6 in relation to Resolution 3, the Company will disregard any votes cast by or on behalf of a person who participated in the placement and any of their respective associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

RESOLUTION 4 – RATIFICATION OF PREVIOUS SHARE ISSUE – SEPTEMBER 2012

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders of the Company approve and ratify the prior issue of 26,086,956 fully paid ordinary shares at 2.3 cents per share on 3 September 2012 to Sandfire Resources NL, to fund ongoing working capital requirements of the Company."

Voting Exclusion: For the purposes of ASX Listing Rule 7.5.6 in relation to Resolution 4, the Company will disregard any votes cast by or on behalf of a person who participated in the placement and any of their respective associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following resolution as a **special** resolution:

That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 5 by such person if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Important note: The proposed allottees of any Equity Securities under the Additional 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

RESOLUTION 6 – GRANT OF OPTIONS TO A DIRECTOR, MR VICTOR RAJASOORIAR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr Victor Rajasooriar (or his nominee) a total of 5,000,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity and any of their associates (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Memorandum.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

BY ORDER OF THE BOARD OF DIRECTORS



Simon Storm
Company Secretary
4 October 2012

EXPLANATORY MEMORANDUM

The Notice of Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders of Breakaway Resources Limited ("**Breakaway**" or "**the Company**") in connection with the business to be conducted at the Annual General Meeting to be held at the Subiaco Arts Centre, Gallery Room, 180 Hamersley Road, Subiaco, Western Australia on Friday 16 November 2012 at 2pm (WST).

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass these resolutions. It explains the resolutions and identifies the Board's reasons for putting them to Shareholders. This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

Defined terms in this Explanatory Memorandum and accompanying Notice of Annual General Meeting have, unless provided otherwise, the meaning given by the Glossary.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to a non-binding vote of Shareholders. The Annual Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director and non-executive Directors.

The Annual Report is available on the Company's website at www.breakawayresources.com.au

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the directors. However, in addition, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Meeting, the Company's subsequent remuneration report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, the Corporations Act now sets out a 'two strikes' re-election process. Under the 'two strikes' re-election process, if the Company's remuneration report receives a 'no' vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, 'two strikes'), a resolution (the 'spill resolution') must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the 'spill meeting') to consider the appointment of all of the Directors who stand for re-appointment (other than the Managing Director). If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the 'spill meeting' must be held within 90 days of that second annual general meeting (unless none of the Directors, other than the Managing Director, stand for re-appointment).

Further information will be provided on the 'spill resolution' and 'spill meeting' for any annual general meeting at which the Company may face a 'second strike'.

The remuneration levels for directors, officers and senior managers are competitively set to attract and retain appropriate directors and key management personnel. The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report. The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF MR JEFF GRESHAM AS A DIRECTOR

ASX Listing Rule 14.4 provides that a Director must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or 3 years, whichever is longer. Rule 9.1 of the Company's Constitution requires that at an Annual General Meeting, one-third of Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

In accordance with the ASX Listing Rules and Company's Constitution, Mr Jeff Gresham is due to retire as a Director of the Company at the Annual General Meeting.

Mr Jeff Gresham, being eligible, has offered himself for re-election as a Director of the Company.

All Directors, with the exception of Mr Gresham, recommend Shareholders approve this Resolution concerning his re-appointment.

A biography of Mr Gresham is included in the 2012 Annual Report.

RESOLUTION 3 – RATIFICATION OF PREVIOUS SHARE ISSUE – NOVEMBER 2011

On 15 November 2011, the Company issued 22,683,165 fully paid ordinary shares at a price of 4.9 cents per Share. Whilst the issue made on 15 November 2011 did not require the prior approval of Shareholders as it was within the Company's existing 15% placement capacity, the purpose of this resolution is to give approval to the allotment of these Shares in accordance with the requirements of Listing Rule 7.4 to provide the Company with the flexibility to issue further securities in accordance with the limits under the Listing Rules should the need arise in the future.

The following information is provided to Shareholders in accordance with the requirements of Listing Rule 7.5:

- (a) the number of Shares allotted and issued was 22,683,165;
 - (b) the Shares were issued at an issue price of 4.9 cents per Share;
 - (c) the Shares were fully paid ordinary shares in the capital of the Company;
 - (d) the allottees of the Shares were sophisticated and professional investors introduced by Patersons Securities Limited;
- and
- (e) the funds raised from the issue of the Shares were used to fund working capital requirements of the Company.

A voting exclusion statement for Resolution 3 is included in the Notice of Annual General Meeting.

The approval given under this resolution is not given for any other purpose other than to provide the Company with the flexibility to issue further securities.

RESOLUTION 4 – RATIFICATION OF PREVIOUS SHARE ISSUE – SEPTEMBER 2012

On 3 September 2012, the Company issued 26,086,956 fully paid ordinary shares at a price of 2.3 cents per Share. Whilst the issue made on 3 September 2012 did not require the prior approval of Shareholders as it was within the Company's existing 15% placement capacity, the purpose of this resolution is to give approval to the allotment of these Shares in accordance with the requirements of Listing Rule 7.4 to provide the Company with the flexibility to issue further securities in accordance with the limits under the Listing Rules should the need arise in the future.

The following information is provided to Shareholders in accordance with the requirements of Listing Rule 7.5:

- (a) the number of Shares allotted and issued was 26,086,956;
- (b) the Shares were issued at an issue price of 2.3 cents per Share;
- (c) the Shares were fully paid ordinary shares in the capital of the Company;
- (d) the allottee of the Shares was Sandfire Resources NL ABN 55 105 154 185 ; and
- (e) the funds raised from the issue of the Shares are to be used to provide working capital for ongoing copper-gold exploration in NW Queensland.

A voting exclusion statement for Resolution 4 is included in the Notice of Annual General Meeting. The approval given under this resolution is not given for any other purpose other than to provide the Company with the flexibility to issue further securities.

RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

1.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 5 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 5 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 1.2 (b) of this Notice of Annual General Meeting below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility as it provides additional flexibility and capacity to the fund raising alternatives that would otherwise normally be available to the Company.

1.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

(a) Minimum Issue Price

Equity securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue one class of Equity Securities, being Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Dilution

As at the date of this Notice of Annual General Meeting, the Company has 414,250,793 Shares on issue. Accordingly, if Shareholders approve Resolutions 3, 4 and 5, the Company will have the capacity to issue approximately 41.425 million Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

(A x D) – E

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- b) plus the number of partly paid shares that became fully paid in the 12 months;
- c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- d) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not participate in the issue. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		50% decrease in issue price (cents)	Issue price (cents)	50% increase in issue price (cents)
		1.85	3.7	5.6
Current Variable A	Voting Dilution²	10%	10%	10%
414,250,793	Number of Shares	41,425,079	41,425,079	41,425,079
	Funds raised (\$)	\$766,364	\$1,532,728	\$2,299,092
50% increase in current Variable A	Voting Dilution²	10%	10%	10%
621,376,190	Number of Shares	62,137,619	62,137,619	62,137,619
	Funds raised (\$)	\$1,149,546	\$2,299,092	\$3,448,638
100% increase in current Variable A	Voting Dilution²	10%	10%	10%
828,501,586	Number of Shares	82,850,159	82,850,159	82,850,159
	Funds raised (\$)	\$1,532,728	\$3,065,456	\$4,598,184

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
2. No Options (including any Options issued under the Additional 10% Placement Facility) are exercised into Shares before the date of issue of the Equity Securities;
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares.
7. The issue price is 3.7 cents, being the closing price of the Shares on ASX on 14 September 2012.

(c) Issue Period

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), (the **Additional 10% Placement Period**). The approval will cease to be valid in the event that holders of the Company's shares approve a transaction under rule 11.1.2 or rule 11.2.

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

(d) Purpose of Issues

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

(e) Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(f) Previous issues of Equity Securities under Listing Rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum. At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

1.3 Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 5.

RESOLUTION 6 – GRANT OF OPTIONS TO A DIRECTOR, MR VICTOR RAJASOORIAR

1.1 BACKGROUND

Resolution 6 deals with the grant of Options to Mr Victor Rajasooriar, the Managing Director of the Company, under the terms and conditions of the Breakaway Resources Employee Option Scheme (summarised in Annexure A).

The Company proposes to offer to grant Options to Mr Victor Rajasooriar (or his nominee).

The proposed grant of Options to Mr Victor Rajasooriar is intended to:

- (a) provide an appropriate and adequate incentive for him;
- (b) ensure that the Company may retain his services; and
- (c) reinforce his commitment as Managing Director of the Company.

Mr Rajasooriar will benefit from the grant of Options when there is an improvement in the Company's share price subsequent to the date from when he was offered the Options at the commencement of his employment on 2 July 2012 ("Commencement Date").

The number of Options proposed to be granted to Mr Rajasooriar reflects the level of commitment provided or to be provided by him to the Company, taking into account his responsibilities as the Managing Director and the time commitments required from him. The number of Options proposed to be granted to Mr Rajasooriar also reflects the

value the Board feels that he brings to the enhancement of the Company and the level of commitment required by the Company from him.

As announced to the market on 6 June 2012, Mr Rajasooriar was offered, subject to shareholder approval, 5,000,000 options vesting in 2 tranches of 2,500,000, 12 and 24 months respectively after the Commencement Date at an exercise price of 2.3 cents for Tranche 1 and 10 cents for Tranche 2. The market price of the Company's Shares at the Commencement Date was 1.6 cents.

It is intended to grant the Options to Mr Rajasooriar within 1 month of the approval of Resolution 6.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Options issued under Resolution 6 would at this time fall within one of those exceptions. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

One of the effects of Resolution 6 in its current form will be to allow Mr Rajasooriar to be granted the proposed Options without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with Listing Rule 10.14, the following information is provided in accordance with Listing Rule 10.15 in respect of the Options to which Resolution 6 relates:

- (a) the maximum number of Options to be granted is 5,000,000;
- (b) the Options will be granted no later than 1 month after the date of the Annual General Meeting and shall vest as follows:
 - (i) 2,500,000 Options after the expiration of 12 months (Tranche 1) following the Commencement Date; and
 - (ii) 2,500,000 Options after the expiration of 24 months (Tranche 2) following the Commencement Date.

To the extent that either of Tranche 1 and Tranche 2 have not already vested, Tranche 1 and/or Tranche 2 (as applicable) will immediately vest on the date that:

- a "takeover bid" (as defined in the Corporations Act 2001 (Act)) to acquire Shares becomes, or is declared to be, unconditional, irrespective of whether or not the takeover bid extends to Shares issued and allotted after the date of the takeover bid; or
 - a merger by scheme of arrangement under the Act is approved by the court under section 411(4)(b) of the Act; or
 - a change of "control" (as that term is defined in section 50AA of the Act) of the Company otherwise occurs.
- (c) the Options will, if not exercised beforehand, expire three years from the date of issue;
 - (d) the exercise price of each Option in Tranche 1 is \$0.023 and the exercise price of each Option in Tranche 2 is \$0.10. The Options may be exercised after the vesting date determined in (b) above, until their expiry date of 3 years after the date of issue;
 - (e) 1,500,000 Options (three tranches of 500,000 exercisable at 15 cents, 20 cents and 25 cents respectively) were granted to the previous Managing Director, Mr David Hutton under the Scheme (these have since been forfeited);
 - (f) the grantee will be Mr Rajasooriar (or his nominee);
 - (g) shares issued pursuant to the exercise of the Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (h) rights to be granted Options under the Scheme are available to all Directors and employees of the Company only; and

- (i) the price paid for the Options is Nil therefore no funds will be raised from the grant of the Options and no loan is provided in relation to their grant.

1.2 CHAPTER 2E OF THE CORPORATIONS ACT

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Rajasooriar is a related party and the grant of Options to him constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of Options to Mr Rajasooriar:

(a) The related party to whom the proposed resolutions would permit the financial benefit to be given

Mr Rajasooriar is a director of the Company, to whom Resolution 6 would permit the financial benefit to be given.

(b) The nature of the financial benefit

The nature of the financial benefit to be given to Mr Rajasooriar is the grant to him of the Options. Initially, no funds will be raised by the grant of Options to Mr Rajasooriar. However, if those Options are exercised, the funds raised thereby will be used for working capital purposes, as the Board thinks fit.

(c) Directors' recommendation and basis of financial benefit

The Board currently consists of Messrs John Atkins, Victor Rajasooriar, Jon Young and Jeff Gresham.

Mr Rajasooriar has a material personal interest in the outcome of Resolution 6 as the recipient of the Securities proposed to be granted and does not wish to make a recommendation to Shareholders about Resolution 6 because he has an interest in the outcome of that Resolution.

All of the Directors other than Mr Rajasooriar recommend Shareholders vote in favour of the proposed Resolution. The Directors (other than Mr Rajasooriar) consider that the proposed issue will assist the Company to properly reward Mr Rajasooriar and adequately align the interests of Rajasooriar with those of the Company. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Options proposed by Resolutions 6. The issue of Securities to Mr Rajasooriar is a more cost effective incentive for the Company as opposed to the payment of additional cash compensation.

(d) Dilution

As at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	414,250,793
Options	5,500,000

If Shareholders approve the Resolution contained in this Notice and all Securities are issued as contemplated by Resolution 6, the issued capital of the Company would be as follows:

Capital	Number	Issued per Resolution 6	Total
Ordinary Shares	414,250,793	-	414,250,793
Options	5,500,000	5,000,000	10,500,000

If Shareholders approve the issue of 5,000,000 Options to Mr Rajasooriar and these Options were fully exercised, the effect will be to dilute the shareholding of existing members by approximately 1.19%, based on the existing number of Shares and Options as at the date of this Notice.

(e) Total remuneration package

Mr Rajasooriar's commenced employment on 2 July 2012, therefore no prior remuneration details are available.

Details of the annual remuneration payable to Mr Rajasooriar for the period beginning 2 July 2012 is as follows:

Director	Cash, salary and fees	Superannuation	Total
Victor Rajasooriar	252,294	22,706	275,000

(f) Existing relevant interest

As at the date of this Notice, Mr Rajasooriar holds the following securities in the Company representing 0.05% of the issued capital of the Company on a fully diluted basis:

Director	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly	Number of Options held indirectly
Victor Rajasooriar	-	190,000	-	-

If Shareholders approve Resolution 6 and all Securities are issued or granted as contemplated by this Notice, Mr Rajasooriar will hold the following Securities in the Company (representing 1.24% of the issued capital of the Company on a fully diluted basis based on the number of Shares and Options currently on issue):

Director	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly	Number of Options held indirectly
Victor Rajasooriar	-	190,000	-	5,000,000

(g) Trading history

During the last 12 months before the date of lodgement of this Notice with ASIC, the highest trading price of the Shares was 6.6 cents on 12 October 2011 and the lowest trading price of the Shares was 1.4 cents on 30 July 2012, 1-3 August 2012 (inclusive) and 7 August 2012. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 26 September 2012 has been between a minimum of 2.8 cents per Share to a maximum of 3.5 cents per Share. On 26 September 2012, the last trading day before this Notice was lodged with ASIC, the Shares closed at a price of 2.8 cents per Share and the Company had a market capitalisation of \$11.6 million.

(h) Valuation of the options

A valuation of the Options proposed to be issued to Mr Rajasooriar has been calculated using the Black Scholes Option Pricing Model and based upon the following assumptions:

- the underlying value of each Share in the Company is based on the closing Share price of 1.6 cents as at 2 July 2012 (being the date the Options were offered to Mr Rajasooriar) and 2.8 cents as at 3 October 2012 (being the date prior to the date of this notice of meeting);
- risk free rate or return – 4.75% (based on the 3 year bond indicator rate as at 14 September 2012)
- share price volatility of 130%, determined utilising the daily closing share prices of the Company for the preceding 12 months;
- Options to be granted pursuant to Resolution 6 will not be quoted on ASX and may not be transferred or otherwise dealt with without the approval of the Company

- The exercise price of each Option in Tranche 1 (2,500,000 Options) is \$0.023 and the exercise price of each Option in Tranche 2 (2,500,000 Options) is \$0.10. The Options may be exercised after the vesting date 12 and 24 months respectively after the Commencement Date, until their expiry date of 3 years after the date of issue.

The Black Scholes Option Pricing Model attributes a theoretical value to each Option to be issued to Mr Rajasooriar as follows:-

- **Using a closing share price of 1.6 cents** (being the date the Options were offered to Mr Rajasooriar):-

Share Price 1.6 cents	Theoretical Value per option (cents)	Discount (%) Note 1	Indicative value per option (cents)	Number of options issued to Allottee	Total value (\$)
Tranche 1	1.1	20%	0.9	2,500,000	22,500
Tranche 2	0.8	20%	0.6	2,500,000	15,000

- **Using a closing share price of 2.8 cents** (being the date prior to the date of this notice of meeting):-

Share Price 2.8 cents	Theoretical Value per option (cents)	Discount (%) Note 1	Indicative value per option (cents)	Number of options issued to Allottee	Total value (\$)
Tranche 1	2.2	20%	1.8	2,500,000	45,000
Tranche 2	1.6	20%	1.3	2,500,000	32,500

Note 1 - The Black Scholes Option Pricing Model assumes that the Options the subject of the valuation can be sold on a secondary market. The terms and conditions of the Scheme state that these Options will be unlisted and not transferable. Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Options. For the purposes of arriving at an appropriate discount rate, the Company has considered:

- that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted equities; and
- the fact that the Securities will be unlisted.

(I) Other information

Additional information in relation to Resolution 6 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 6.

The Company will incur no liabilities or cash costs in respect of the proposed issue of Options to Mr Rajasooriar other than:

- the fees payable to ASX for quotation of Shares, should the Options be exercised. At the rates applying at the date of this Explanatory Memorandum, these fees would be approximately \$1,500. However, these fees will not be payable until after Options have been exercised;
- in relation to the Options, a value equal to the weighted average trading price of shares on ASX in the five days immediately before the date of valuation will be included as wages for the purposes of the Payroll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003(WA). If this value, in addition to other wages that are taxable in the jurisdiction, is in excess of the annual payroll tax threshold, the Company will have a liability in respect of payroll tax in that jurisdiction; and
- the fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense through the Company's Statement of Comprehensive Income over the vesting period, with a corresponding increase to an equity account in accordance with AASB2 Share Based Payments.

Neither the Board nor the Company are aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolution 6, other than as stated in this Explanatory Memorandum.

GLOSSARY

Annual General Meeting means the meeting of Shareholders called by the notice of meeting which this Explanatory Memorandum forms part.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

Board means the board of Directors of the Company.

Breakaway means Breakaway Resources Limited (ABN 16 061 595 051).

Breakaway Resources Employee Option Scheme or Option Scheme means the terms and conditions of the Breakaway Resources Employee Option Scheme as approved by Shareholders.

Commencement Date - the date of commencement of Mr Rajasooriar's employment on 2 July 2012.

Company means Breakaway Resources Limited (ABN 16 061 595 051).

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Equity Security - as defined in the Listing Rules, being a share, unit, right to a share or unit or option, a convertible security, any security that ASX decides is an equity security but not a security ASX decides to classify as a debt security.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the Listings Rules of the ASX.

Notice of Meeting means the notice of meeting which this Explanatory Memorandum forms part.

Option means an Option granted under the Option Scheme.

Resolution means a resolution to be considered by the Shareholders at the Annual General Meeting.

Share means an ordinary share in the capital of the Company.

Shareholder or member means a registered member of the Company.

**ANNEXURE A
EMPLOYEE OPTION SCHEME**

BREAKAWAY RESOURCES LIMITED
ABN 16 061 595 051

Employee Option Scheme

TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these Terms and Conditions:

“**ASIC**” means the Australian Securities and Investments Commission.

“**Associate**” of an Employee means:

a spouse, parent, brother, sister or child of the Employee (“**Relative**”);

a body corporate that is effectively controlled by one or more of the Employee and any relatives of the Employee; or

the trustee of a trust that is effectively controlled by one or more of the Employee and any relatives of the Employee.

“**ASX**” means Australian Stock Exchange Limited.

“**Board**” means the board of directors of the Company.

“**Class Orders**” means ASIC Class Orders 00/220, 00/221, 00/223 and 03/184 as amended, varied, supplemented and replaced from time to time.

“**Company**” means Breakaway Resources Limited.

“**Employee**” means:

(a) a full-time or part-time employee (as that term is defined in section 221A of the Tax Act) of the Company; or

(b) a director of the Company.

“**Exercise Period**” for Options issued under these Terms and Conditions shall be at the discretion of the Board but may not exceed the earlier of:

(a) 3 years from the date of issue of the Options; and

(b) such period (if any) from the date of issue of the Options as is specified by the Corporations Act, the Class Orders or the Listing Rules.

“**Exercise Price**” per Share in respect of each Option is the greater of:

(a) 120% of the Market Value of Shares on the day the Option is issued; and

(b) 20 cents,

(c) or a price determined by the Directors in their discretion and specified in the Offer Notice.

“**Listing Rules**” means the Official Listing Rules of ASX.

“**Market Value**” of a Share means:

(a) the weighted average price of all on market share sales over the 30 days preceding the date the offer of Options is made to the Participant; or

(b) if the Board adopts another method for determining the market value – the value determined under that method.

“**Option**” means an option to subscribe for Shares issued under the Scheme.

“**Option Acceptance Form**” means a form substantially in accordance with the form set out in Annexure A to these Terms and Conditions by which an Employee accept an offer of Options made by the Company under the Scheme.

“**Participant**” means:

- (a) an Employee who personally holds an Option; or
- (b) a nominated Associate of an Employee;

“**record date**” has the same meaning as in the Listing Rules.

“**Redundancy**” means any situation where the requirements of the Company for an Employee to carry out a particular kind of work (given his or her particular skills) or to carry out certain work in a particular place, have ceased or diminished (or are likely to do so), but does not extend to the dismissal of an Employee for personal or disciplinary reasons, including for reasons of misconduct or unsatisfactory performance, or where an Employee leaves of his or her own accord.

“**Retirement**” in relation to an Employee, means retirement by that Employee from employment with the Company at age 55 or over.

“**Scheme**” means the Breakaway Resources Limited Employee Option Scheme constituted by these Terms and Conditions.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Tax Act**” means the Income Tax Assessment Act 1936 (Cth).

“**Terms and Conditions**” means these terms and conditions as amended from time to time.

“**Total and Permanent Disablement**” means that the participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

1.2 Words imparting the singular include the plural and vice versa and words denoting a gender include all other genders.

2. ISSUE OF OPTIONS

Eligibility

2.1 The Board may offer Options to an Employee having regard to:

- (a) the potential contribution of the Employee to the Company; and
- (b) any other matters the Board considers relevant,
- (c) provided that the issue of Options:
- (d) is in accordance with these Terms and Conditions as amended from time to time; and
- (e) complies with the requirements of the Corporations Act, the Class Orders and the Listing Rule.

Offer of Options

2.2 An offer of Options under clause 2.1 shall be made by the Board to the Employee by way of notice in writing (“**Offer Notice**”).

2.3 The Offer Notice shall specify:

- (a) the name and address of the Employee to whom the offer is made;

- (b) the number of Options being offered to the Employee;
- (c) the Exercise Price per Share;
- (d) the Exercise Period;
- (e) the time period for acceptance of the offer; and
- (f) any other terms and conditions applicable to the offer.

2.4 An Option Acceptance Form and a copy of these Terms and Conditions shall be delivered with the Offer Notice.

Nomination of Associate

2.5 Upon receipt of an Offer Notice an Employee may nominate an Associate to be the person issued with those Options. The Board may, in its absolute discretion, resolve not to issue Options to a nominated Associate without giving any reason.

Acceptance of offers

2.6 An Employee or nominated Associate may accept an offer of Options within the time specified in the Offer Notice. No payment is required to accept the offer.

Issue of Options

2.7 Options must be issued in accordance with these Terms and Conditions and each Participant will be taken to have agreed to be bound by these Terms and Conditions on the issue of any Options.

2.8 The Company must issue each Participant or nominated Associate with an Option certificate indicating the number of Options issued and the exercise price of the Options.

2.9 The Board retains the right to withdraw an offer of Options at any time prior to issuing the Options.

3. MAXIMUM NUMBER OF OPTIONS

The Board may not offer Options under this Scheme if the total number of Shares the subject of the Options, when aggregated with:

(a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and

(b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employer or executive share scheme, (disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

4 ENTITLEMENT

4.1 Subject to clauses 8 and 9, each Option entitles the holder to subscribe for and be allotted, credited as fully paid, one Share at the Exercise Price.

4.2 Subject to these Terms and Conditions, the Company must allot Shares on exercise of an Option, in accordance with the Listing Rules.

4.3 Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue.

5 EXERCISE OF OPTIONS

5.1 An Option is exercisable by the holder lodging with the Company a notice to exercise the Option and application for Shares in a form approved by the Company, together with payment of the applicable Exercise Price and the relevant Option certificate at any time during the applicable Exercise Period.

5.2 Options must be exercised in multiples of 100, unless the holder exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.

5.3 Subject to clauses 5.4 to 5.7 inclusive, an Option that has not lapsed may be exercised at any time during the applicable Exercise Period.

5.4 If the employment of an Employee for whom Options have been issued under these Terms and Conditions ceases because of Retirement, Total and Permanent Disablement, Redundancy, death or any other circumstances approved by the Board, the Options issued in relation to the employment of that Employee may be exercised within 30 days (or 3 months, in the case of death) or any longer period permitted by the Board after cessation of that employment. If not exercised within that period, the Options lapse.

5.5 If the employment of an Employee for whom Options have been issued under these Terms and Conditions ceases and clause 5.4 does not apply, those Options lapse.

5.6 If the Board determines that:

(a) a Participant or the Employee for whom Options have been issued to a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company; and

(b) Options issued in relation to the Participant are to be forfeited,

(c) the Options will immediately lapse.

6. TRANSFER

Options may only be transferred with the approval of the Board. Options will not be quoted on ASX.

7. QUOTATION OF SHARES

The Company will make application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

8. PARTICIPATION IN FUTURE ISSUES

8.1 If the Options are exercised before the record date of an entitlement, a Participant can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify each Participant of the proposed issue at least nine (9) business days before the record date. Participants do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

8.2 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder (including the number of Options, the exercise price of Options or both) will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

8.3 The Options will not give any right to participate in dividends until shares are allotted pursuant to the exercise of the relevant Options.

8.4 In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reconstructed in accordance with the Listing Rules.

8.5 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options. The effect will be that upon exercise of the Options the number of Shares received by the Participant will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The

exercise price of the Options shall not change as result of any such bonus issue.

8.6 The Company shall notify each Participant and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.

9. ADVICE

The Company must give notice to each Participant of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the exercise price per Share, in accordance with the Listing Rules.

10. NOTICES

Notices may be given by the Company to the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to Participants.

11. RIGHT TO ACCOUNTS

Participants will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

12. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding any Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act and the Listing Rules.

13. ADMINISTRATION OF THE SCHEME

13.1 The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.

13.2 Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

13.3 Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.

13.4 The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

14. AMENDMENTS AND TERMINATION OF SCHEME

(a) Subject to and in accordance with the Listing Rules (including the terms of any waiver granted under the Listing Rules), the Board may from time to time, with shareholder approval, amend (including the power to revoke, add to or vary) all or any of the provisions of the Rules in any respect whatsoever, by an instrument in writing and the shareholders may approve that any such amendment shall apply retrospectively.

(b) The Scheme may be terminated or suspended at any time by resolution of the Board but any termination or suspension shall not effect the rights of any Participant existing at the date of termination or suspension.

15. RIGHTS OF PARTICPANTS

Nothing in these Terms and Conditions:

(a) confers on any Employee, Consultant or Associate the right to receive any Options;

(b) confers on any Participant the right to continue as an Employee or a Consultant;

(c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Employee or any contract with any Consultant; or

(d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

16. QUOTATION OF OPTIONS

The Company will not seek quotation on ASX of Options issued pursuant to the Scheme.

17. TAX LIABILITY

The Company shall have no liability for any tax imposed on any Employee, Consultant or Associate as a result of any issue of Options pursuant to the Scheme.

18. GOVERNING LAW

The rights and obligations pursuant to this Scheme shall be construed in accordance with the laws of Western Australia.

19. GRIEVANCE PROCEDURES

19.1 If any grievance arises between the Company and any Participant, it must be dealt with in the following manner:

(a) The matter must first be discussed with the Managing Director and the Participant;

(b) If the matter is not resolved, the parties shall submit the matter to an agreed mediator for the purposes of conciliation and mediation in which case costs shall be borne equally between the Company and the Participant;

(c) If the matter is not resolved to the satisfaction of both parties in accordance with clause 19.1(b), the Company and the Participant shall submit the dispute to arbitration in accordance with clause 19.2.

(d) The Company and the Participant shall ensure that the procedures to be followed pursuant to this clause are carried out expeditiously and in any event within 30 days of any grievance arising.

19.2 If agreement cannot be reached in accordance with the procedures outlined in clause 19.1, then the dispute shall be determined by an arbitrator determined by agreement of the parties and if agreement cannot be reached, by an arbitrator appointed by the President of the Law Society of Western Australia. The arbitration shall be carried out in accordance with the provisions of the Commercial Arbitration Act 1985 (Western Australia) and the determination of the arbitrator shall be final and binding.

**Appointment of Corporate Representative
Section 250D of the Corporations Act 2001**

Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),
Insert name of shareholder company

the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of Breakaway Resources Limited to be held on Friday, 16 November 2012 commencing at 2pm WST and at any adjournments of that meeting/all meetings of the members of Breakaway Resources Limited.

DATED 2012

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

..... Signed by authorised representative Signed by authorised representative
..... Name of authorised representative (print) Name of authorised representative (print)
..... Position of authorised representative (print) Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (e.g. "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (e.g. director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to Breakaway Resources Limited registered office at Unit 14, 531 Hay Street, Subiaco, Western Australia 6008 or fax to the registered office on (08) 9278 6449.



breakaway

Breakaway Resources Limited
ABN 16 061 595 051

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 361 260
(outside Australia) +61 3 9415 4843



000001 000 BRW
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 2:00pm (WST) Wednesday 14 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate is attached to the notice of meeting or may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the Annual Report, 24 hours a day, 7 days a week:

www.breakawayresources.com.au

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Breakaway Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Breakaway Resources Limited to be held at The Subiaco Arts Centre, Gallery Room, 180 Hamersley Road, Subiaco, Western Australia on Friday, 16 November 2012 at 2:00pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1 and 6 (except where I/we have indicated a different voting intention below) even though Items 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: For Item 6, this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1 and 6 by marking the appropriate box in step 2 below.

Important for Item 6: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Item 6 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Item 6, the Chairman of the Meeting will not cast your votes on Item 6 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 6 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Item 6 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report (Non-Binding Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr Jeff Gresham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of previous share issue - November 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of previous share issue - September 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of additional 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of options to a Director - Mr Victor Rajasooriar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 2 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 3 <input style="width: 90%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____