



**TARGET'S STATEMENT IN RELATION TO OFF-MARKET TAKEOVER BID BY MINOTAUR EXPLORATION LIMITED**

Breakaway Resources Limited ACN 061 595 051 (ASX: BRW) (**Breakaway**) attaches, by way of service pursuant to item 14 of section 633(1) of the *Corporations Act 2001* (Cth), the target's statement of Breakaway dated 2 August 2013 (**Target's Statement**) in relation to the off-market takeover bid by Minotaur Exploration Limited ACN 108 483 601 (**Minotaur**) for all the ordinary shares in Breakaway.

A copy of the Target's Statement has been given to each of the Australian Securities and Investments Commission and Minotaur today.

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breakaway

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to its contents, you should consult your legal, financial or other professional adviser

## Target's Statement

This Target's Statement has been issued by Breakaway Resources Limited (ACN 061 595 051) in response to the off-market takeover bid made by Minotaur Exploration Limited (ACN 108 483 601) for all of the ordinary shares in Breakaway Resources Limited

Your Directors unanimously recommend that you **ACCEPT** the Minotaur Offer in the absence of a Superior Proposal

Financial Adviser



RFC Ambrian Limited

Legal Adviser



Allion Legal

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## Key dates

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|---|-------------------|
| Date of Minotaur Offer (beginning of the Offer Period)  | 9 August 2013     |
| Date of this Target's Statement (date lodged with ASIC) | 2 August 2013     |
| Close of Offer Period (unless extended or withdrawn)    | 11 September 2013 |

## Important notices

### *Nature of this document*

This Target's Statement dated 2 August 2013 is given by Breakaway Resources Limited (ACN 061 595 051) under Part 6.5 Division 3 of the Corporations Act in response to the offer made by Minotaur Exploration Limited (ACN 108 483 601) for all of the ordinary shares in Breakaway pursuant to the Bidder's Statement issued by Minotaur on 31 July 2013 (*Bidder's Statement*).

### *Defined terms*

A number of defined terms are used in this Target's Statement. These terms are explained in the Glossary in section 12 of this Target's Statement.

### *No account of personal circumstances*

Your Directors recommend that Breakaway Shareholders read this Target's Statement in full. This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each Breakaway Shareholder. You may wish to seek independent financial and taxation advice before making a decision whether or not to accept the Minotaur Offer for your Breakaway Shares.

### *Disclaimer regarding forward looking statements*

This Target's Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Breakaway, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

### ***ASIC and ASX disclaimer***

A copy of this Target's Statement has been lodged with ASIC and sent to ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

### ***Minotaur information in this Target's Statement***

Except where disclosed otherwise, the information on Minotaur in this Target's Statement has been obtained by Breakaway from the Bidder's Statement and other publicly available information. Breakaway and its Directors are unable to verify the accuracy or completeness of the information on Minotaur. Accordingly, Breakaway does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### ***Foreign jurisdictions***

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia and New Zealand may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

### ***Maps, diagrams and rounding***

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Additionally, any numerical information may not add due to rounding.

### ***Privacy***

Breakaway has collected your information from the Breakaway register of shareholders for the purpose of providing you with this Target's Statement. The type of information Breakaway has collected about you includes your name, contact details and information on your shareholding in Breakaway. Without this information, Breakaway would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Breakaway's related bodies corporate and external service providers (such as the share registry of Breakaway and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Breakaway, please contact the Minotaur Offer Information Line, details of which are provided below.

***Information line and website***

If you have any queries in relation to the Minotaur Offer or this Target's Statement, please contact the Minotaur Offer Information Line on 1300 309 589 (within Australia) or +61 2 8022 7902 (for callers from outside Australia) (normal charges apply).

Further information relating to the Minotaur Offer can be obtained from Breakaway's website at [www.breakawayresources.com.au](http://www.breakawayresources.com.au).

## CHAIRMAN'S LETTER

2 August 2013

Dear Breakaway Shareholder,

On 15 July 2013, Minotaur Exploration Limited (**Minotaur**) and Breakaway Resources Limited (**Breakaway**) announced that they had signed a Bid Implementation Agreement relating to a proposed off-market takeover offer by Minotaur for all of the fully paid shares in Breakaway (**Breakaway Shares**). The formal offer was made in the Bidder's Statement sent to Breakaway Shareholders on the same day as this Target's Statement, 9 August 2013 (**Minotaur Offer**).

Subject to the terms and conditions of the Minotaur Offer, Minotaur is offering you (1) one Minotaur Share for every (10) ten Breakaway Shares you hold.

Minotaur is listed on the ASX. The last sale price of Minotaur Shares before the finalisation of the Target's Statement was \$0.14 on 1 August 2013. At this price, each of your Breakaway Shares is valued at approximately \$0.014.

You should have received the Bidder's Statement along with this document from Minotaur setting out the detailed terms of the Minotaur Offer. A copy of the Bidder's Statement is also available on Minotaur's website at [www.minotaurexploration.com.au](http://www.minotaurexploration.com.au) and through the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: MEP).

This Target's Statement sets out your Directors' formal response to the Minotaur Offer. Your Directors unanimously recommend that you **ACCEPT** the Minotaur Offer in the absence of a Superior Proposal.

Each of the Breakaway Directors intends to accept the Offer in respect of the Breakaway Shares held by them or in which they have a relevant interest, in the absence of a Superior Proposal. The Directors of Breakaway collectively hold (directly and indirectly) 5,077,078 Breakaway Shares or 1.2% of Breakaway's issued share capital.

The reasons for your Directors' recommendation (see section 1 of this Target's Statement), as well as other matters that may be relevant to your decision whether to accept the Minotaur Offer, are set out in this Target's Statement. As noted in the announcement of Minotaur's Offer on 15 July 2013, the Breakaway Board believe that under the current difficult market conditions faced by junior exploration companies, under which raising new capital is extremely difficult, sensible business combinations such as that presented by the Minotaur Offer provide a more attractive and less dilutive solution for shareholders.

I encourage you to read this Target's Statement in its entirety, along with the Bidder's Statement and, if required, obtain advice from your broker, financial adviser or other professional adviser.

The Minotaur Offer is scheduled to close at 5.00pm Perth time on 11 September 2013 (unless extended). To accept the Minotaur Offer follow the instructions outlined in section 12.6 of the Bidder's Statement and printed on the acceptance form that accompanied the Bidder's Statement.

Your Directors will keep you informed of any further developments in relation to the Minotaur Offer.

If you have any queries in relation to the Minotaur Offer or this Target's Statement, please contact the Minotaur Offer Information Line on 1300 309 589 (within Australia) or +61 2 8022 7902 (for callers from outside Australia) (normal charges apply).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'J. Atkins', written in a cursive style.

Mr John Atkins  
Chairman  
Breakaway Resources Limited



## What to do

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**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT  
YOU ACCEPT THE MINOTAUR OFFER**

in the absence of a Superior Proposal

TO ACCEPT THE MINOTAUR OFFER, FOLLOW THE  
INSTRUCTIONS IN SECTION 12.6 OF THE BIDDER'S  
STATEMENT AND ON THE ACCEPTANCE FORM  
ACCOMPANYING THE BIDDER'S STATEMENT

### You should

- 1 Read this Target's Statement and the Bidder's Statement
- 2 Consider the choices available to you as outlined in section 4 of this Target's Statement
- 3 Consult your investment, financial, taxation or other professional adviser if in doubt about what to do and as to the effect of accepting the Minotaur Offer
- 4 If you have any queries in relation to the Minotaur Offer or this Target's Statement, please contact Minotaur Offer Information Line on 1300 309 589 (within Australia) or +61 2 8022 7902 (for callers from outside Australia) (normal charges apply).

**To validly accept the Minotaur Offer, your acceptance must be received before 5.00pm (Perth time) on 11 September 2013, unless the Offer Period is extended**

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## **1 Key reasons to accept the Minotaur Offer**

Breakaway believes you should ACCEPT the Offer for the following reasons:

1. The Minotaur Offer provides Breakaway Shareholders with the opportunity to become shareholders in Minotaur which is in a stronger position to fund ongoing work at the Merged Entity's portfolio of exploration and development projects.
2. The Offer represents an appropriate price for your Breakaway Shares.
3. Breakaway's largest shareholder will accept the Minotaur Offer for shares representing 19.9% of Breakaway's issued shares in the absence of Superior Proposal.
4. Your Directors have unanimously recommended the Minotaur Offer and intend to accept the Offer in respect of all the Breakaway Shares held by them or in which they have a relevant interest in the absence of a Superior Proposal.
5. The Merged Entity will have the technical capability to add value to Breakaway's projects and the resources available to it to advance them in a short timeframe.
6. Attractive upside potential as you will gain exposure to Minotaur's exploration and development asset portfolio.
7. You may be eligible for Australian capital gains tax rollover relief.
8. There may be adverse consequences associated with not accepting the Minotaur Offer.

The above is only a headline summary of some of the reasons why you should accept the Offer. Each of the reasons is explained below.

This section should be read in conjunction with the remainder of the Target's Statement, along with the Bidder's Statement, and Breakaway Shareholders should consult with their investment, financial, taxation or other professional advisers if necessary.

**1.1 The Minotaur Offer provides Breakaway Shareholders with the opportunity to become shareholders in Minotaur which is in a stronger position to fund ongoing work at the Merged Entity's portfolio of exploration and development projects**

Under current market conditions, which make it challenging for Breakaway to raise additional capital to fund its ongoing exploration activities on acceptable terms if at all, a business combination with a better funded company such as Minotaur provides a potentially attractive solution to Breakaway Shareholders.

Minotaur has current cash resources of \$9.3 million and joint venture funding arrangements in place which would assist the Merged Entity to carry out near term exploration activities on Breakaway's key assets.

**1.2 The Offer represents an appropriate price for your Breakaway Shares**

Minotaur Shares trade on the ASX.

The last sale price of Minotaur Shares was \$0.12 on 8 July 2013, the last trading day before the announcement of Minotaur's intention to make the Offer. At this price, each of your Breakaway Shares was valued at approximately \$0.012. This price represents a premium of 33.4% to the 30 day volume weighted average price (*VWAP*) of Breakaway Shares prior to the announcement.

The Directors therefore advise their unanimous recommendation that Breakaway Shareholders accept the Minotaur Offer in the absence of a Superior Proposal.

**1.3 Breakaway's largest shareholder will accept the Minotaur Offer for shares representing 19.9% of Breakaway's issued shares in the absence of the Superior Proposal**

Norilsk Nickel Australia Pty Ltd has signed a binding agreement to accept the Minotaur Offer within 5 business days of it being capable of acceptance for 86,536,000 of the shares it owns, representing approximately 19.9% of Breakaway Shares. Please refer to section 11.2 of this Target's Statement for further information.

In addition, Breakaway Shareholders representing 18.6% of Breakaway's issued Shares have indicated their intention to accept the Minotaur Offer in the absence of a Superior Proposal.

**1.4 Your Directors have unanimously recommended the Minotaur Offer and intend to accept the Offer in respect of all the Breakaway Shares in which they have a relevant interest in the absence of a Superior Proposal**

Your Directors have carefully considered the Minotaur Offer and believe the combination with Minotaur to be the best option available to Breakaway and its shareholders. Your Directors unanimously recommend that Breakaway Shareholders accept the Minotaur Offer in the absence of a Superior Proposal.

Each of the Breakaway Directors intends to accept the Offer in respect of the Breakaway Shares held by them or in which they have a relevant interest, in the absence of a Superior Proposal. The Directors of Breakaway collectively hold (directly and indirectly) 5,077,078 Breakaway Shares or 1.2% of Breakaway's issued share capital.

As at the date of this Target's Statement, no competing or Superior Proposal had been received by the Breakaway Board or is currently under consideration by the Breakaway Board. Your Directors are also not aware of any other offer or proposal which might be made as an alternative to the Minotaur Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

**1.5 The Merged Entity will have the technical capability to add value to Breakaway's projects and the resources available to it to advance them in a short timeframe**

Minotaur has reported that it has been exploring its 4,055km<sup>2</sup> of tenements in the Cloncurry region over several years and combining these tenements with Breakaway's Eloise Exploration Project is expected to provide material synergies for the operations of the Merged Entity.

Minotaur has already identified within Breakaway's tenements a number of exploration targets and plans to begin work on the targets soon after the Offer is successfully completed.

Further information on Minotaur's intentions is set out in section 7 of the Bidder's Statement.

**1.6 Attractive upside potential as you will gain exposure to Minotaur's exploration and development asset portfolio**

The combination of Minotaur and Breakaway would create a combined independent mining and exploration company with growth potential and exposure to projects across Australia.

By accepting the Minotaur Offer, Breakaway Shareholders will become shareholders in Minotaur, thereby gaining exposure to both Minotaur's portfolio of assets and Breakaway's existing assets.

The combined entity will have a diversified portfolio of Australian mineral assets including:

- a combined tenement package of 18,546km<sup>2</sup> across five different states;
- an expanded tenement position of 4,461km<sup>2</sup> in the Cloncurry area through the consolidation of Breakaway and Minotaur's assets; and
- two pre-development stage assets as well as exploration assets.

Further information regarding Minotaur's projects is set out in section 3 of the Bidder's Statement.

**1.7 You may be eligible for Australian capital gains tax rollover relief**

If, as a result of the Minotaur Offer, Minotaur becomes the holder of 80% or more of the voting shares in Breakaway, Breakaway Shareholders who would otherwise make a capital gain from the disposal of their Breakaway Shares pursuant to the Minotaur Offer may be able to choose to obtain full or partial capital gains tax scrip-for-scrip rollover relief.

If scrip-for-scrip rollover relief is available and is chosen by Breakaway Shareholders who would otherwise have made a capital gain on the disposal of their Breakaway Shares under the Minotaur Offer, some or all of the capital gain from the disposal may be deferred. The capital gains tax provisions would then only apply on a later taxable event (such as disposal) happening to the Minotaur Shares received as consideration under the Minotaur Offer.

Please refer to section 8 of this Target's Statement for further information.

**1.8 There may be adverse consequences associated with not accepting the Minotaur Offer**

There are specific risks in relation to the operations and financing of Breakaway as a standalone entity that you would continue to be exposed to if you do not accept the Minotaur Offer, including:

- Breakaway Shareholders will have full exposure to the development risks associated with its projects, and will not potentially benefit from the projects available to Minotaur; and
- Breakaway will need to finance the development of its projects. Breakaway may not be able to raise the funds, or alternatively may not be able to raise funds on terms advantageous to existing Breakaway Shareholders, potentially resulting in dilution of existing Breakaway Shareholders. In the event Breakaway cannot raise sufficient funds this may jeopardise the Company's investment in its projects.

If you do not accept the Minotaur Offer and Minotaur declares the Minotaur Offer unconditional without receiving acceptances resulting in it being entitled to at least 90% of all Breakaway Shares (which Minotaur may do without Breakaway's consent if Minotaur acquires a relevant interest in at least 50.1% of the Breakaway Shares), you will remain a minority shareholder in Breakaway. The possible implications of being a minority shareholder include:

- Minotaur may be in a position to control the composition of the Breakaway Board and senior management, as well as the strategic direction of the Company;
- the liquidity of Breakaway Shares may be significantly reduced, thereby exposing Breakaway Shareholders to greater volatility, less institutional support and limited analyst coverage of Breakaway Shares; and
- there may be a reduced likelihood of a subsequent takeover bid for Breakaway from a party other than Minotaur.

See section 7.5 of the Bidder's Statement for details of Minotaur's intentions in these circumstances.

If you do not accept the Minotaur Offer and Minotaur receives acceptances resulting in it being entitled to at least 90% of all Breakaway Shares then Minotaur will be entitled, and currently intends, to acquire your Shares via compulsory acquisition (see section 9.8 of this Target's Statement for further details).

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## 2 Frequently asked questions (FAQs)

### 2.1 What is Minotaur offering for my Breakaway Shares?

Minotaur is offering to acquire all of your Breakaway Shares. Minotaur is offering (1) one Minotaur Share for every (10) ten Breakaway Shares you hold.

Certain foreign holders of Breakaway Shares and holders of Unmarketable Parcels of Breakaway Shares may not be entitled to receive Minotaur Shares on accepting the Minotaur Offer.

If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder and you accept the Minotaur Offer, you will receive the net cash sale proceeds from the sale of the Minotaur Shares which form the sale consideration and which you would otherwise have received. See sections 12.9 and 12.10 and the "Important Information" section of the Bidder's Statement for further details.

### 2.2 What choices do I have as a Breakaway Shareholder?

As a Breakaway Shareholder you have the choice to:

- **accept the Minotaur Offer** for all of your Breakaway Shares, in which case you should follow the instructions in section 12.6 of the Bidder's Statement and the acceptance form accompanying the Bidder's Statement;
- **sell your Breakaway Shares on the ASX** (unless you have already accepted the Minotaur Offer and have not validly withdrawn your acceptance in respect of those Breakaway Shares); or
- **choose not to accept the Minotaur Offer**, in which case you do not need to take any action. You should note that your Breakaway Shares may be compulsorily acquired by Minotaur in certain circumstances (see question 2.12 below).

Breakaway Shareholders should carefully consider your Directors' recommendation and the other information set out in this Target's Statement in deciding whether to accept the Minotaur Offer. You may wish to seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Minotaur Offer.

### 2.3 What do your Directors recommend?

Your Directors unanimously recommend that you **ACCEPT** the Minotaur Offer in the absence of a Superior Proposal.

The key reasons for your Directors' recommendation are set out in section 1 of this Target's Statement.

If there is a change in this recommendation or any material developments in relation to the Minotaur Offer, Breakaway will lodge a supplementary target's statement.

**2.4 What do the Directors intend to do in relation to any Breakaway Shares that they own or control?**

The Directors (or their nominees) each intend to accept the Minotaur Offer for all of the Breakaway Shares they hold or in which they otherwise have a relevant interest in the absence of a Superior Proposal. The Directors of Breakaway collectively hold (directly and indirectly) 5,077,078 Breakaway Shares or 1.2% of Breakaway's issued share capital.

**2.5 Why are the Directors recommending that I ACCEPT the Minotaur Offer in the absence of a Superior Proposal?**

Your Directors are recommending that you ACCEPT the Minotaur Offer, in the absence of a Superior Proposal, for the following key reasons:

- Your Directors have unanimously recommended the Minotaur Offer and intend to accept the Offer in respect of all the Breakaway Shares held by them or in which they have a relevant interest in the absence of a Superior Proposal.
- Breakaway's largest shareholder will accept the Offer for shares representing 19.9% of Breakaway's issued shares in the absence of a Superior Proposal.
- The Offer represents an appropriate price for your Breakaway Shares.
- The Merged Entity will have a strong board and management team that can progress Breakaway's projects.
- The Offer provides attractive upside potential as you will gain exposure to Minotaur's exploration and development asset portfolio.
- You may be eligible for Australian capital gains tax rollover relief.
- There may be adverse consequences associated with not accepting the Minotaur Offer.

**2.6 How do I accept the Minotaur Offer?**

To accept the Minotaur Offer, you must follow the instructions in section 12.6 of the Bidder's Statement and on the acceptance form accompanying the Bidder's Statement.

To be effective, your acceptance must be received by Minotaur before 5.00pm (Perth time) on 11 September 2013 (unless the Offer Period is extended).

**2.7 Can I accept the Minotaur Offer for only some of my Breakaway Shares?**

Unless you hold the Breakaway Shares as trustee or nominee for, or otherwise on account of, more than one person, you cannot accept the Minotaur Offer for only some Breakaway Shares held. See section 12.6 of the Bidder's Statement and the acceptance form accompanying the Bidder's Statement for more information about accepting the Minotaur Offer.



## **2.8 How do I reject the Minotaur Offer?**

To reject the Minotaur Offer, you do not need to do anything.

However, you should note that your Directors' recommendation is that you **ACCEPT** the Minotaur Offer in the absence of a Superior Proposal.

## **2.9 When do I have to make a decision?**

If you wish to follow the Directors' recommendation and accept the Minotaur Offer, you must do this before its scheduled closing date.

Minotaur has stated that the Minotaur Offer remains open until 5:00pm (Perth time) on 11 September 2013 (unless the Offer Period is extended).

It is possible that Minotaur may choose to extend the Offer Period in accordance with the Corporations Act. Minotaur may only extend the Offer Period beyond 31 October 2013, with the written consent of Breakaway.

In addition, the Offer Period will be extended automatically if, within the last 7 days of the Offer Period:

- Minotaur improves the consideration offered under the Minotaur Offer; or
- Minotaur's voting power increases to more than 50%.

If either of these two events occurs, the Offer Period will be automatically extended so that it ends 14 days after the relevant event occurs.

## **2.10 What happens if Minotaur improves the consideration offered under its Offer?**

If Minotaur improves the consideration offered under its Offer, all Breakaway Shareholders who have accepted the Minotaur Offer will be entitled to the benefit of that improved consideration (whether they accepted the Minotaur Offer before or after the consideration is improved).

## **2.11 Can I sell my Breakaway Shares on market?**

You can sell your Breakaway Shares on market unless you have already accepted the Minotaur Offer and have not validly withdrawn your acceptance in respect of those Breakaway Shares. If you sell your Breakaway Shares on market:

- you will not benefit from any possible increase in the value of Breakaway Shares; and
- you will not benefit from any possible increase in the consideration that may be provided under the Minotaur Offer or any other offer, should one be made.

See section 4.2 of this Target's Statement for further information.

## **2.12 Can I be forced to sell my Breakaway Shares?**

You cannot be forced to sell your Breakaway Shares unless Minotaur proceeds to compulsory acquisition of Breakaway Shares. Minotaur will need to acquire a



relevant interest in at least 90% of Breakaway Shares (by number) in order to exercise compulsory acquisition rights.

If Minotaur acquires more than 90% of Breakaway and proceeds to compulsory acquisition, then you will be paid the same consideration as is payable by Minotaur under the Minotaur Offer. See Section 9.8 of this Target's Statement for further details.

**2.13 When will I receive the consideration if I accept the Minotaur Offer?**

No payment for the Breakaway Shares tendered into the Minotaur Offer will be made until after the Minotaur Offer becomes unconditional. If the Minotaur Offer becomes unconditional, you will be paid under the Minotaur Offer on or before the earlier of:

- the day one month after the date of your acceptance of the Minotaur Offer or, if the Minotaur Offer is subject to an Offer Condition when accepted, the day one month after the contract resulting from your acceptance of the Minotaur Offer becomes unconditional; and
- the day 21 days after the end of the Minotaur Offer Period.

See section 12.8 of the Bidder's Statement for further details on when you will receive your payment from Minotaur.

**2.14 If I accept the Minotaur Offer, can I later withdraw my acceptance?**

You have limited rights to withdraw your acceptance of the Minotaur Offer. You cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.

Such a withdrawal right will arise if, after you have accepted the Minotaur Offer:

- (a) the Minotaur Offer is still subject to an Offer Condition; and
- (b) Minotaur varies the Minotaur Offer in a way that postpones for more than 1 month the time when Minotaur has to pay you under the Minotaur Offer (for example if Minotaur extends the Minotaur Offer for more than 1 month while the Minotaur Offer remains conditional).

**2.15 What happens if I accept the Minotaur Offer and the Offer Conditions are not satisfied?**

If the Offer Conditions are not satisfied and Minotaur has not waived the Offer Conditions by the end of the Offer Period, your acceptance of the Minotaur Offer will be void and of no effect whatsoever. You will then be free to deal with your Breakaway Shares in another way.

If the Offer Conditions are satisfied or waived before the end of the Offer Period, you will be paid the Offer consideration. Please see section 2.13 above for information regarding timing of payments of the offer consideration.

Even where the Minotaur Offer remains conditional, you cannot withdraw your acceptance before the end of the Offer Period except in limited circumstances (see section 2.14 of this Target's Statement).

**2.16 Can Minotaur withdraw the Minotaur Offer?**

Minotaur may not withdraw the Minotaur Offer if you have already accepted it. However, before you accept the Minotaur Offer, Minotaur may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

As noted above, if the Offer Conditions are not satisfied or waived before the Offer Period ends, the Minotaur Offer will lapse.

**2.17 What are the tax implications of accepting the Minotaur Offer?**

A general description of the potential Australian taxation consequences of accepting the Minotaur Offer are set out in section 8 of this Target's Statement and section 10 of the Bidder's Statement.

You should not rely on those descriptions as advice for your own tax affairs. You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Minotaur Offer for your Breakaway Shares. You may, for example, be liable for capital gains tax.

**2.18 What are the conditions to the Minotaur Offer?**

The conditions of the Minotaur Offer include those relating to the following issues:

- (a) Minotaur acquiring 90% of Breakaway (unless this condition is waived or varied as noted in section 9.2 of this Target's Statement);
- (b) no Prescribed Occurrence occurring during the period beginning on the date the Bidder's Statement is given to Breakaway and ending at the end of the Offer Period;
- (c) no person having any right as a result of Minotaur acquiring Breakaway Shares to acquire or require Breakaway or a subsidiary to dispose of any material asset, terminate or vary a material agreement, or accelerate or adversely modify the performance of any obligations of Breakaway or any of its subsidiaries under a material agreement;
- (d) Breakaway providing Minotaur with all information relating to Breakaway, which Minotaur reasonably requests;
- (e) no action is taken by a Public Authority during the Condition Period which could have a material adverse impact on the Minotaur Offer;
- (f) Minotaur receiving all approvals required by law or by any Public Authority, ASX, ASIC or the Takeovers Panel, to permit the Minotaur Offer to be made to and accepted by Breakaway Shareholders or, as a result of the Minotaur Offer, or the successful acquisition of the Breakaway Shares are necessary for the continued operation of the business of Breakaway and its subsidiaries or Minotaur and its subsidiaries;
- (g) no material acquisitions or disposal of assets by, or the entry into joint ventures, partnerships or dual listed company structures by Breakaway or its subsidiaries without the written consent of Minotaur;

- (h) Minotaur does not become aware, during the Condition Period, that any document filed by Breakaway with any Public Authority contains a statement which is incorrect or misleading in any material particular or from which there is a material omission;
- (i) subject to certain exceptions, no break fees are paid or agreed to be paid by Breakaway or its subsidiaries in connection with any person making a takeover offer for Breakaway;
- (j) Breakaway's business being conducted in the ordinary course;
- (k) there being no Material Adverse Change in respect of Breakaway and its subsidiaries; and
- (l) either all Breakaway Options have been exercised, cancelled or transferred to Minotaur or agreement has been reached between Minotaur, Breakaway and the holders of the Breakaway Options to do so.

The Offer Conditions are disclosed in more detail in section 9.2 of this Target's Statement and are set out in full in section 13 of the Bidder's Statement. Breakaway Shareholders should read these more detailed sections in full.

**2.19 How will I know when the Minotaur Offer is unconditional?**

Minotaur is required to advise Breakaway and Breakaway Shareholders as soon as the Offer Conditions are satisfied or waived. Notices from Minotaur will be available on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX Code: MEP).

**2.20 Who should I call if I have any questions?**

If you have any queries in relation to the Minotaur Offer or this Target's Statement, please contact the Minotaur Offer Information Line on 1300 309 589 (within Australia) or +61 2 8022 7902 (for callers from outside Australia) (normal charges apply).

Further information relating to the Minotaur Offer can be obtained from Breakaway's website at [www.breakawayresources.com.au](http://www.breakawayresources.com.au).

Announcements made to ASX by Minotaur and other information relating to the Minotaur Offer can be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: MEP).

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### **3 Directors' review of the Minotaur Offer and recommendation**

#### **3.1 Directors of Breakaway**

The directors of Breakaway as at the date of this Target's Statement are set out below:

**Mr John Atkins**  
Non-Executive  
Chairman

In addition to his role at Breakaway, John Atkins is an independent non-executive director of Aurora Oil & Gas Ltd and was the Chairman of ANZ Western Australia between August 2008 and May 2013. Before joining ANZ, John was head of the Perth office of National Law Firm, Freehills. John's background is as a commercial lawyer. He was admitted as a lawyer in 1978 and practiced full time until 1996 when he moved into management. John is also a non-executive director of financial services company Australian Finance Group Ltd, Chairman of Lotterywest, Chairman and President of the West Australian Chamber of Commerce and Industry, and Deputy Chairman of Committee for Perth Ltd. John joined the Breakaway Board as Non-Executive Chairman on 24 November 2006.

**Mr Victor Rajasooriar**  
Managing Director

Victor Rajasooriar was appointed Managing Director of Breakaway on 2 July 2012. Victor holds a mining engineering degree from the Western Australian School of Mines, holds a West Australian First Class Mine Managers Certificate, and is a member of the Australasian Institute of Mining and Metallurgy.

Prior to joining Breakaway, Victor was the Executive Director - Operations / COO of Bass Metals Ltd, and held senior roles with Gold Fields Ltd, Grange Resources, Newmont Mining, and Mt. Isa Mines Ltd. He has over 17 years of mining experience in Canada, the USA and throughout Australia, in operations and technical management, liaising with mine geological and exploration teams, feasibility studies, mine construction, mergers and acquisition studies, and continuous improvement.

**Mr Jeffrey Gresham**  
Non-Executive Director

Jeff Gresham has over 40 years' experience in exploration, mining and corporate functions both in Australia and overseas. During a career spanning 19 years with WMC he held a number of senior corporate and technical positions, most notably Chief Geologist of the Kambalda Nickel Operations (1981 - 1985), and Executive Vice President Exploration for WMC's Canadian

subsidiary Westminster Canada Ltd (1988 - 1993). From 1993 to 1997 he was Managing Director of Wiluna Mines Ltd, General Manager Exploration at Homestake Gold of Australia Ltd (1998 - 2001) and Managing Director of Titan Resources Limited (2004-2006). In addition to his role at Breakaway, Jeff is the Chairman of Rox Resources Limited. Jeff was appointed as a Non-Executive Director to the Breakaway Board on 1 October 2006.

**Mr Jonathan Young**  
Non-Executive Director

Jon Young holds a Bachelor of Commerce Degree from the University of Western Australia and is qualified as a Chartered Accountant with Price Waterhouse where he worked for several years in their Perth, Melbourne and Sydney offices. For nearly 30 years, Mr Young has worked in the financial markets and is currently Director Private Clients with leading Perth based national stock broking firm Patersons Securities Limited. For 11 years until the sale of the contracting business in August 2007, Mr Young served as non-executive Chairman of the Barmenco Group of companies including Barmenco Limited, one of Australia's largest underground mining contractors and continues to serve as a non-executive director. Mr Young also continues as the non-executive Chairman of FMR Investments Pty Ltd (formerly Barmenco Investments Pty Ltd), a major shareholder of Breakaway Resources Limited. Jon was appointed as Chairman to the Breakaway Board on 10 March 2003.

### **3.2 Recommendation and reasons**

In assessing the Minotaur Offer your Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in section 1 of this Target's Statement) **each of your Directors recommends that you ACCEPT the Minotaur Offer in the absence of a Superior Proposal.**

### **3.3 Directors intentions**

The Directors (or their nominees) each intend to accept the Minotaur Offer for all of the Breakaway Shares they hold or in which they otherwise have a relevant interest in the absence of a Superior Proposal.

See section 10.1 of this Target's Statement for more information on the respective shareholdings of the Directors.

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## **4 Your choices as a Breakaway Shareholder**

### **4.1 Accept the Minotaur Offer**

You may elect to accept the Minotaur Offer in respect of all your Breakaway Shares. The Directors unanimously recommend that you **ACCEPT** the Minotaur Offer in the absence of a Superior Proposal.

Certain foreign holders of Breakaway Shares and holders of Unmarketable Parcels of Breakaway Shares may not be entitled to receive Minotaur Shares on accepting the Minotaur Offer. If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder and you accept the Minotaur Offer, you will receive the net cash sale proceeds from the sale of the Minotaur Shares which form the sale consideration and which you would otherwise have received. See sections 12.9 and 12.10 and the "Important Information" section of the Bidder's Statement for further details.

Section 12.6 of the Bidder's Statement contains details of how to accept the Minotaur Offer and encloses the acceptance form which you must complete and return.

As the consideration comprises Minotaur scrip, the value of the consideration will fluctuate with changes in the Minotaur share price.

Note that there may be tax consequences for you if you accept the Minotaur Offer. Please refer to section 8 of this Target's Statement for a general outline of the potential Australian tax implications of accepting the Minotaur Offer.

### **4.2 Sell your Breakaway Shares**

Provided you have not accepted the Minotaur Offer you can sell your Breakaway Shares.

If you sell your Breakaway Shares on the ASX:

- you will lose the ability to accept the Minotaur Offer or any other proposal that may emerge;
- you may receive more or less for your Breakaway Shares than the consideration being offered by Minotaur under the Minotaur Offer;
- you may incur a brokerage charge; and
- you may be liable for capital gains tax on the sale (but note that this may also apply if the Minotaur Offer is accepted, although you may be eligible for capital gains tax relief if certain conditions are satisfied).

If you wish to sell your Breakaway Shares on the ASX you should contact your broker for information on how to affect the sale.

The latest price for Breakaway Shares may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX Code: BRW). Note that there may be tax consequences for you if you sell your Breakaway Shares. You should seek your own specific professional advice regarding the taxation consequences for you of selling your Breakaway Shares.

### **4.3 Do nothing**

If you do not wish to accept the Minotaur Offer or sell your Breakaway Shares you do not need to take any action.

If you do not accept the Minotaur Offer and Minotaur becomes entitled to compulsorily acquire your Breakaway Shares under the Corporations Act, as it has stated in its Bidder's Statement that it intends to do, you may be paid the Offer consideration later than Breakaway Shareholders who choose to accept the Minotaur Offer. Refer to section 9.8 of this Target's Statement and sections 7.1 and 7.4 of the Bidder's Statement for details on compulsory acquisition.

The Offer is subject to a minimum acceptance condition of 90%. This condition cannot be varied to be less than 50.1% or waived below 50.1% without the consent of Breakaway (with Breakaway's current intention being not to consent to a variation or waiver of the condition to below 50.1%). Minotaur does not currently intend to waive the minimum acceptance condition of 90%.

If Minotaur acquires a relevant interest in less than 90% of the Breakaway Shares, and the minimum acceptance condition is not waived or varied, then the Offer will expire and you will keep your Breakaway Shares.

If the minimum acceptance condition however is waived or varied by Minotaur and Minotaur holds or subsequently acquires a relevant interest in at least 50.1% (or as otherwise varied or waived with Breakaway's consent), but less than 90% of the Breakaway Shares, Minotaur's specific current intentions (as set out in section 7 of the Bidder's Statement) are as follows:

#### **(a) Directors**

Minotaur will seek the appointment of its nominees to the Breakaway Board. Minotaur has nominated Mr Andrew Woskett and Dr Tony Belperio as its nominees to be appointed to the Breakaway Board. Refer to section 7.2 of this Target's Statement for more information on these proposed nominee appointments. Breakaway may nominate one nominee director, acceptable to Minotaur, to be appointed to the Minotaur Board. It is expected that John Atkins, Breakaway's Chairman, will be the nominee director to be appointed to the Minotaur Board.

If Minotaur's nominees are appointed as Breakaway Directors, Minotaur will be seeking that its nominees implement Minotaur's intentions set out in Section 7.4 of the Bidder's Statement (based on the information currently available to Minotaur including in respect of the matters noted in paragraphs (b) to d) below, to the extent that these intentions are consistent with Breakaway being a controlled entity of Minotaur and are considered to be in the best interests of all Breakaway Shareholders.

#### **(b) Corporate matters**

Minotaur intends to maintain Breakaway's listing on ASX whilst it meets ASX requirements for maintaining a listing and it is cost effective to do so. If Minotaur becomes entitled at some later time to exercise general compulsory acquisition rights under the Corporations Act, Minotaur will give consideration to its exercise of those rights.



**(c) Review of Breakaway operations and assets**

Minotaur intends to consolidate the operations of Breakaway within its own existing exploration activities and management structure and for Minotaur to manage all technical and commercial aspects to reduce Breakaway's reliance on outsourced technical assistance to advance its key prospects. Minotaur intends for exploration and development work on Breakaway's key assets to begin as soon as practical upon successful completion of the Bid. Minotaur has identified and prioritised a number of drill ready targets to form the basis of pro-forma exploration programmes for both the Leinster and Eloise projects for this purpose.

**(d) Head office functions and employees**

Minotaur intends to consolidate head office functions (such as company secretarial, financial reporting and information technology) and overall management direction and control in Minotaur's existing head office located in Adelaide and close Breakaway's Perth office, at the latest, on expiry of the tenancy lease. Minotaur intends to offer existing staff redundancies in accordance with their contractual terms.

Additionally, under the Bid Implementation Agreement, if the Bid becomes unconditional, Breakaway will end Victor Rajasooriar's employment as Breakaway managing director by immediately giving three months' written notice pursuant to his executive service agreement dated 5 June 2012 and, at the end of the three month notice period, Breakaway will pay him a redundancy payment of \$137,500 (including superannuation) and any annual leave and other entitlements then accrued under his executive service agreement. Please refer to section 11.3 of this Target's Statement for further information on the Bid Implementation Agreement.

Under this scenario, if Minotaur does not acquire 90% or more of the Breakaway Shares, Breakaway will remain responsible for raising capital to undertake exploration and development work. This may lead to a dilution of remaining Breakaway Shareholders as new capital is introduced into Breakaway. To avoid further dilution, remaining Breakaway Shareholders may also be required to contribute to the capital needs of Breakaway to make available sufficient funding to facilitate development plans and future exploration.



## 5 Information on Breakaway

### 5.1 Overview of Breakaway

Breakaway is an explorer focused on the discovery and development of high quality standalone mineral deposits within the Cloncurry Mineral District of North West Queensland (**Cloncurry**), one of Australia's premier mineral districts. Breakaway also has exploration interests in the Leinster District in Western Australia (**Leinster**).

Breakaway is an Australian public company listed on the ASX and based in Perth, Western Australia.

Set out below are further details in relation to Breakaway's assets as at the date of this Target's Statement.

### 5.2 Capital structure

As at the date of this Target's Statement, Breakaway has the following securities on issue:

| Shares                              |                | Number      |                  |
|-------------------------------------|----------------|-------------|------------------|
| Fully paid ordinary shares (listed) |                | 434,854,266 |                  |
| Options                             | Exercise Price | Expiry Date | Number           |
| Unlisted options                    | A\$0.053       | 11/05/2015  | 1,250,000        |
| Unlisted options                    | A\$0.10        | 11/05/2015  | 1,250,000        |
| Unlisted options                    | A\$0.023       | 01/07/2015  | 2,500,000        |
| Unlisted options                    | A\$0.10        | 01/07/2015  | 2,500,000        |
| <b>Total options on issue</b>       |                |             | <b>7,500,000</b> |

### 5.3 Summary of Breakaway assets

Breakaway has a portfolio of quality mineral exploration projects, strategically located within two of Australia's premier mineral districts. The Company's current exploration activities are centered on the highly prospective 100% owned Eloise Exploration Project where recent exploration activities have successfully identified a significant new copper – gold resource at the Sandy Creek project and a pipeline of additional priority drill targets throughout the surrounding project area. The Company is also pursuing gold and base metal exploration on its tenements at Leinster in Western Australia.



Figure 1: Location map of Breakaway projects

#### 5.4 North Queensland Copper-Gold

##### (a) Eloise Exploration Project (100%)

The Eloise Exploration Project (**Eloise**) is located approximately 70 kilometres southeast of Cloncurry in North Queensland. Eloise covers an area of approximately 515km<sup>2</sup> within the Soldier's Cap Formation. The project lies within an area that hosts the Altia discovery and a number of major base and precious metals deposits including the Eloise Copper Mine, Ernest Henry, Cannington and Osborne. Eloise encompasses several prospect areas at different stages of evaluation, including the advanced Sandy Creek deposit and the Altia base metals deposit.

The adjacent Eloise Copper Mine, owned and operated by FMR Investments Pty Limited, was reopened in January 2011 and contributed to Breakaway's decision to resume copper exploration at Eloise. Any new copper discovery within Breakaway's tenements would lie within economic trucking distance of the Eloise Copper Mine and therefore have the potential for development and processing within a short timeframe.

Following an initial major review of historical data for the Eloise Exploration Project, a host of bedrock copper targets were identified during early 2011 within a 20km radius of the Eloise Copper Mine. These targets are typically characterised by +1% copper intercepts (up to 4% copper), highly anomalous gold results, limited drilling and excellent extensional potential.

Drilling commenced at the Eloise Exploration Project in July 2011, initially with 5,000m of Reverse Circulation drilling being undertaken at four priority targets –

Surprise Ridge, Roberts Creek, Sandy Creek and Coral Reef, with significant results received from two prospects, Surprise Ridge and Sandy Creek.

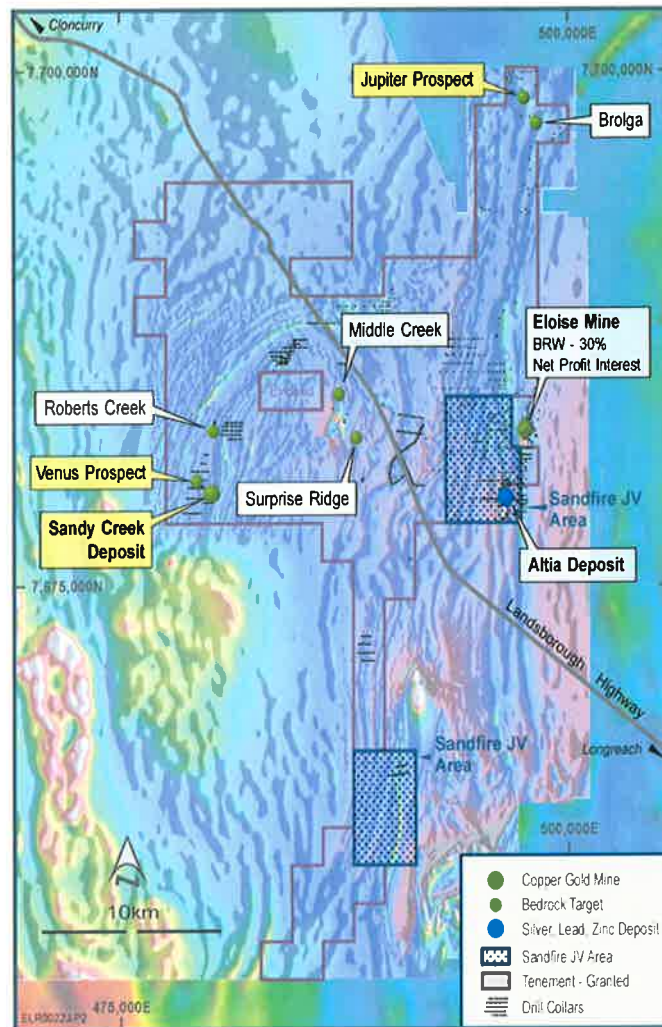


Figure 2: Eloise Exploration Project

A recent 2013 moving loop electromagnetic survey (**MLEM**) was carried out on the Sandy Creek, Middle Creek, Roberts Creek and Jupiter Prospects. The survey was designed to cover magnetic anomalies targeting Eloise style and Sandy Creek style copper mineralisation.

### **Sandy Creek**

At Sandy Creek, copper-gold mineralisation occurs within two narrow, north-south parallel zones, 100 metres apart, termed the Main and Western Zones and a smaller structure located in the hanging wall of the Main Zone, termed the Hanging Wall Zone. Drilling at Sandy Creek in July 2011 identified a significant new copper system which displays strong geological similarities to the nearby Eloise Copper Mine. Drilling on 50 metre-spaced sections intersected mineralisation over a strike length of 600 metres.

A further ~1,200m drilling program in October and November 2012, comprising four diamond drill holes, was completed with a view to testing for extension to the two known zones of mineralisation and to extract core for metallurgical test

work. Three of the holes intersected mineralisation with two holes demonstrating the internal down-plunge continuity of the thicker identified zone within the Main Zone and one hole highlighting a potential down-plunge extension of the Western Zone, together with increasing copper grades at depth.

Following the diamond drilling program completed in November 2012, Breakaway reported an updated Mineral Resource estimate for the Sandy Creek deposit in February 2013.

| Classification | Zone               | Mt  | Cu (%) | Au (g/t) | Contained Cu (t) | Contained Au (oz) |
|----------------|--------------------|-----|--------|----------|------------------|-------------------|
| Inferred       | Main – East        | 1.4 | 1.29   | 0.35     | 17,800           | 15,700            |
|                | Hanging wall North | 0.1 | 1.14   | 0.34     | 600              | 600               |
|                | Hanging wall South | 0.1 | 1.83   | 0.17     | 2,000            | 600               |
|                | Footwall           | 0.0 | 0.98   | 0.89     | 400              | 1,100             |
|                | West Zone          | 0.4 | 1.36   | 0.26     | 5,500            | 3,300             |
|                | Total              | 2.0 | 1.32   | 0.30     | 26,400           | 21,400            |

Figure 3: Sandy Creek Resource Table at 0.3% Cu cut-off as at January 2013

Breakaway is planning to undertake a follow-up drilling program at the Sandy Creek deposit, initially targeting the under-drilled Western Zone in the second half of 2013.

#### ***Middle Creek and Surprise Ridge***

Middle Creek and Surprise Ridge cover an area of around 7km<sup>2</sup> extending over a strike length of 4.2km and around 1.5km wide. These prospects have unexplained anomalously high zinc geochemistry.

#### ***Jupiter Prospect***

The Jupiter Prospect, which is located in the far north-east of the Eloise tenements, was selected on the basis of the structural complexity of the magnetic signatures in this area, which indicate the presence of multiple fault intersections within the Levuka Shear Zone. Jupiter is an undrilled blind target covered by approximately 100m of younger sedimentary sequences. The target has the potential to host bulk tonnage-style copper-gold mineralisation.

The 2013 MLEM survey recorded highly anomalous readings covering a strike extension of 800m and trending towards the north-east, sub-parallel to the regional magnetic trend. The most anomalous EM conductor coincides with the intersection point of multiple linear magnetic highs.

Given the strength of these anomalies, Breakaway plans to conduct fixed loop EM (**FLEM**) surveys to refine the plate orientations defined by the MLEM surveys before defining drilling targets. These surveys will be undertaken during the second half of 2013 to enable drilling programs to be planned.

**(b) Broader Altia Joint Venture Project, North Queensland (Sandfire Resources earning 80%)**

Breakaway announced a joint venture agreement with Sandfire Resources NL (*Sandfire*) over the Broader Altia Project in September 2012. Under the Joint Venture agreement, Sandfire can earn an initial 60% interest by spending \$4 million on exploration over a three year period, and can then elect to increase its stake to 80% by spending a further \$4 million over the subsequent three years. Sandfire can withdraw after spending a minimum of \$1 million within the first year of the Joint Venture. The tenements encompassed by the Joint Venture include the Altia deposit (for which Breakaway has announced a resource), the Boralis and Capricorn prospects and a tenement to the south incorporating the Coral Reef prospect.

Sandfire completed a maiden reconnaissance diamond drilling program in 2012 comprising five diamond drill holes for 3,013m and in July 2013 Sandfire commenced a program of follow-up diamond and RC drilling.

Drilling conducted by Breakaway during 2010 and 2011 demonstrated that the Altia deposit lies within a broad mineralised system with silver-lead-zinc mineralisation drill-defined over a strike length of 1.2km and to a vertical depth of 800 metres.

An Inferred Mineral Resource was estimated for the Altia deposit in November 2007 at a 0% Pb cut-off .

| Lens                  | Tonnes (Mt) | Pb (%) | Contained Pb (t) | Ag (g/t) | Contained Ag (Moz) | Zn (%) | Contained Zn (t) |
|-----------------------|-------------|--------|------------------|----------|--------------------|--------|------------------|
| <b>Lens 1 (Upper)</b> | 3.9         | 4.1    | 159,000          | 32       | 4.0                | 0.4    | 17,000           |
| <b>Lens 1 (Lower)</b> | 1.9         | 3.8    | 70,000           | 57       | 3.4                | 0.6    | 12,000           |
| <b>Total</b>          | 5.8         | 4.0    | 229,000          | 40       | 7.5                | 0.5    | 29,000           |

Figure 4 Altia Silver-Lead Deposit Inferred Resource

Sandfire completed a review of the Broader Altia Project and believes that the Altia deposit may form part of a larger regional structure extending from Boralis in the north, through Altia and south through the Maronan deposit (not on Breakaway's ground) to Coral Reef. The 2012 drilling returned anomalous intersections of lead-zinc-silver mineralisation, demonstrating that mineralisation extends both north and south of the existing Altia resource.

**(c) Eloise Copper Mine (30% Net Profit Interest)**

Breakaway has a 30% Net Profit Interest (adjusted for prior year losses) in the Eloise Copper Mine. The Eloise Copper Mine is located on two excised Mining Leases situated on the eastern boundary of the Eloise Exploration Project tenements and is owned and operated by Breakaway's second largest shareholder, FMR Investments Pty Limited.



## 5.5 Gold Exploration, Western Australia

### (a) Leinster Gold Project (100%)

The Leinster Gold Project comprises a northern block (*Wildara*) and southern block (*Mount Clifford*) and is located approximately 330km north northwest of Kalgoorlie in the Eastern Goldfields of Western Australia. The Leinster Gold Project area is situated along the Keith-Kilkenny structural corridor where it is cut by the north-trending Mt McClure structural corridor creating an apparently unique structurally complex area that is considered to be favourable for the formation of large gold deposits. The Leonora-Leinster region contains the 4Moz Sons of Gwalia gold deposit, the 2Moz Thunderbox deposit, and the large Bannockburn (433,600oz) and Agnew gold deposits. Much of the Leinster Gold Project is covered by extensive sheet wash alluvium that limited the effectiveness of historical soil sampling and highlights the possibility of blind alluvium-covered gold deposits like the Thunderbox discovery.

Breakaway completed a reconnaissance geochemical lag sampling program and soil sampling program in early 2013 which elevated the exploration potential of the project. Thirteen gold targets have been defined within the Mt Clifford project area with the majority of these forming along the largely concealed Jungle Well Fault Zone. Nineteen gold targets have been defined within the Wildara Project area with most of the targets being associated with a regional-scale change in strike of the major faults from northwest to a favourable northerly direction.

The Pond Well and Salute prospects within the Wildara and Mount Clifford areas respectively have been identified as priority drill-ready targets with drilling planned for the second half of 2013.

## 5.6 Nickel Exploration, Western Australia

### (a) Leinster (100%)

The recent exploration programs at Wildara and Mt Clifford within the Leinster Gold Project (see above) have also identified new nickel and base metal targets.

An untested area of nickel anomalism at the Orion Prospect in Wildara was located during lag sampling. Malachite occurrences were located within this area, which also returned >1,000ppm Ni from lag sampling. The drill database for the Horn area indicates that the magnetic anomaly south of the Horn Deposit has received little exploration effort and warrants continued assessment.

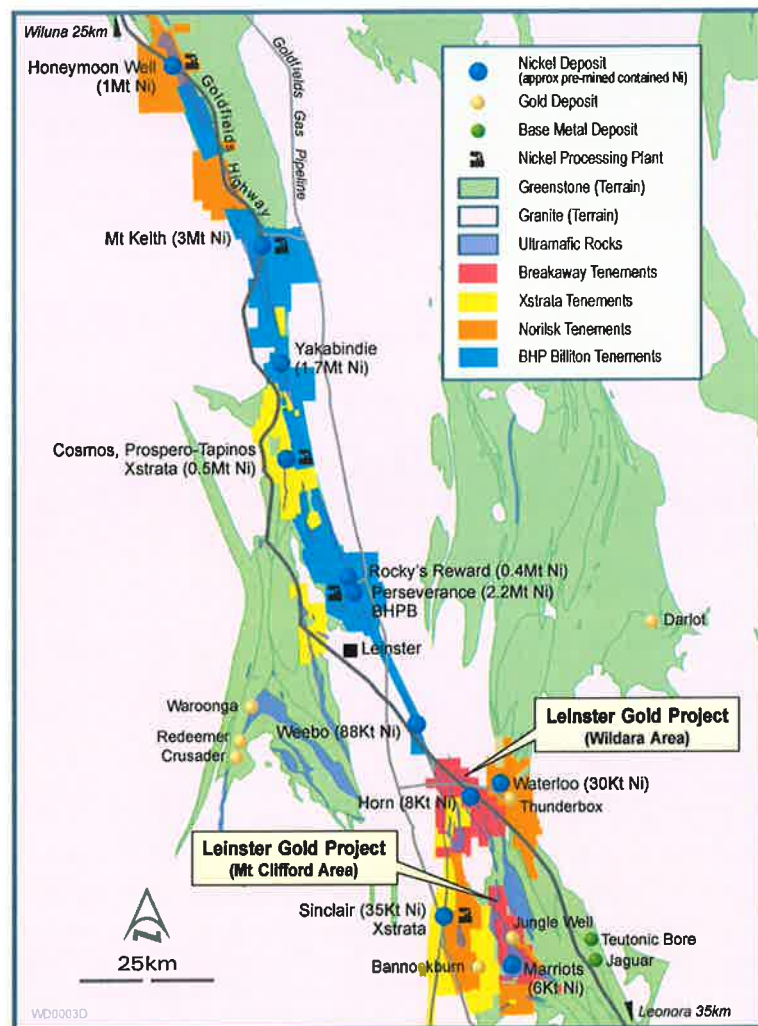


Figure 5 : Leinster Gold Project location

**(b) Kambalda West Nickel Project (100%)**

The Kambalda West Nickel Project is located approximately 60km south of Coolgardie on the Coolgardie-Esperance Highway. The project area of approximately 43km<sup>2</sup> contains 13 prospecting licenses, two mining leases, two miscellaneous licenses and two exploration licenses and contains the historic Spargoville nickel mines and Spargos Reward Gold Mine with Breakaway retaining all the Nickel rights in these tenements.

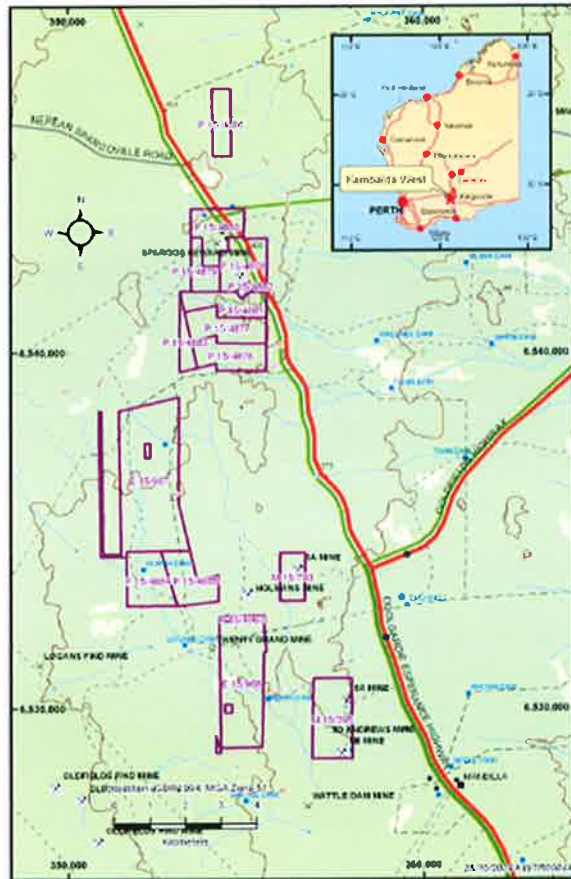


Figure 6: Kambalda West Nickel Project location

**5.7 Competent Persons' Statements**

The information in this Target's Statement that relates to Exploration Results is based on information compiled under the Supervision of Mr Victor Rajasooriar (Managing Director), a full time employee of the Company. Mr Rajasooriar is a Member of the Australasian Institute of Mining and Metallurgy (*AusIMM*). He has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Rajasooriar consents to the inclusion in the Target's Statement of the matters based on his information in the form and context in which it appears

The information in this Target's Statement that relates to the estimation of the Sandy Creek Mineral Resource was compiled by Mr Michael Andrew. Mr



Andrew is a full time employee of Optiro mining consultants. Mr Andrew is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Andrew consents to the inclusion of this information in the form and context in which it appears in this Target's Statement.

The information in this Target's Statement that relates to the estimation of the Altia Mineral Resource was compiled by Mr Ivor Jones. Mr Jones is a full time employee of Snowden Mining Industry Consultants. Mr Jones is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Jones consents to the inclusion of this information in the form and context in which it appears in this Target's Statement.

## **5.8 Directors**

Please refer to section 3.1 of this Target's Statement for information on the directors of Breakaway.

## **5.9 Financial information**

The information in section 5.9 is only a summary of Breakaway's historical financial information. Full details of Breakaway's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Breakaway's annual financial report for the year ended 30 June 2012 and half year financial statements for the half year ended 31 December 2012, copies of which can be found on the Breakaway website and in Breakaway's past announcements to the ASX.

(a) Summary Income Statement

|   | Half-year<br>ended 31<br>December<br>2012<br>\$ | Year ended 30<br>June 2012<br>\$ | Half-year ended<br>31 December<br>2011<br>\$ |
|---|---|----------------------------------|--|
| <b>Revenue</b>  | 227,519   | 660,786                          | 103,028                                      |
| Employee expense  | (258,512)                                       | (505,754)                        | (283,518)                                    |
| Exploration expenditure   | (873,375)                                       | (2,522,477)                      | (1,545,589)                                  |
| Depreciation and amortisation costs                                     | (15,796)  | (34,692)                         | (19,415)                                     |
| Administration expenses   | (159,058)                                       | (421,852)                        | (277,923)                                    |
| Consultants expense   | (60,047)  | (110,833)                        | (57,885)                                     |
| Occupancy expense   | (37,215)  | (117,982)                        | (77,484)                                     |
| Impairment of assets available for sale                                 | -   | (44,964)                         | (19,877)                                     |
| Impairment of fixed assets  | -   | (14,261)                         | (14,261)                                     |
| Other expenses from ordinary activities                                 | (4,266)   | (10,784)                         | (8,253)                                      |
| Reversal of rehabilitation provision                                    | 300,000   | -                                | -  |
| <b>Loss before income tax relating to<br/>continuing operations</b>     | <b>(880,750)</b>                                | <b>(3,122,813)</b>               | <b>(2,201,177)</b>                           |
| Other comprehensive income  |   |                                  |  |
| Net change in the fair value of available-<br>for-sale financial assets | 5,061   | -                                | -  |
| Other comprehensive income for the<br>period, net of tax                | 5,061   | -                                | -  |
| <b>Total comprehensive loss for the period</b>                          | <b>(875,750)</b>                                | <b>(3,122,813)</b>               | <b>(2,201,177)</b>                           |
| Net loss attributable to:   |   |                                  |  |
| Owners of Breakaway Resources Ltd                                       | <b>(880,750)</b>                                | <b>(3,122,813)</b>               | <b>(2,201,177)</b>                           |
| <b>Total comprehensive loss for the period is<br/>attributable to:</b>  |   |                                  |  |
| Owners of Breakaway Resources Ltd                                       | <b>(880,689)</b>                                | <b>(3,122,813)</b>               | <b>(2,201,177)</b>                           |
| <b>Earnings per share</b>   |   |                                  |  |
| - Basic (cents per share) – (loss)                                      | (0.21)  | (0.84)                           | (0.63)                                       |
| - Diluted (cents per share) – (loss)                                    | (0.21)  | (0.84)                           | (0.63)                                       |

(b) Summary Statement of Financial Position

|                                      | 31 December<br>2012<br>\$ | 30 June 2012<br>\$ | 31 December<br>2011<br>\$ |
|--------------------------------------|---------------------------|--------------------|---------------------------|
| <b>Current Assets</b>                |                           |                    |                           |
| Cash and cash equivalents            | 1,269,648                 | 1,319,779          | 2,170,426                 |
| Trade and other receivables          | 41,257                    | 28,831             | 34,120                    |
| <b>Total Current Assets</b>          | <b>1,310,905</b>          | <b>1,348,610</b>   | <b>2,204,546</b>          |
| <b>Non Current Assets</b>            |                           |                    |                           |
| Trade and other receivables          | 106,200                   | 228,278            | 212,888                   |
| Property, plant and equipment        | 59,545                    | 70,925             | 79,357                    |
| Available for sale financial assets  | 40,965                    | 35,904             | 60,991                    |
| <b>Total Non Current Assets</b>      | <b>206,710</b>            | <b>335,107</b>     | <b>353,236</b>            |
| <b>TOTAL ASSETS</b>                  | <b>1,517,615</b>          | <b>1,683,717</b>   | <b>2,557,782</b>          |
| <b>Current Liabilities</b>           |                           |                    |                           |
| Trade and other payables             | 324,272                   | 498,692            | 598,851                   |
| Provisions                           | 24,770                    | 15,476             | 68,326                    |
| <b>Total Current Liabilities</b>     | <b>349,042</b>            | <b>514,168</b>     | <b>667,177</b>            |
| <b>Non Current Liabilities</b>       |                           |                    |                           |
| Trade and other payables             | 150,000                   | 200,000            | -                         |
| Provisions                           | 322,122                   | 621,597            | 625,273                   |
| <b>Total Non Current Liabilities</b> | <b>472,122</b>            | <b>821,597</b>     | <b>625,273</b>            |
| <b>TOTAL LIABILITIES</b>             | <b>821,164</b>            | <b>1,335,765</b>   | <b>1,292,450</b>          |
| <b>NET ASSETS</b>                    | <b>696,451</b>            | <b>347,952</b>     | <b>1,265,332</b>          |
| <b>Equity</b>                        |                           |                    |                           |
| Issued capital                       | 97,363,168                | 96,188,265         | 96,188,265                |
| Reserves                             | 765,723                   | 711,377            | 707,121                   |
| Accumulated losses                   | (97,432,440)              | (96,551,690)       | (95,630,054)              |
| <b>TOTAL EQUITY</b>                  | <b>696,451</b>            | <b>347,952</b>     | <b>1,265,332</b>          |

**(c) Summary Cash Flow Statement**

|   | Half-year<br>ended 31<br>December<br>2012<br>\$ | Year ended 30<br>June 2012<br>\$ | Half-year ended 31<br>December 2011<br>\$ |
|---|---|----------------------------------|---|
| Cash flow from operating activities                         |   |                                  |   |
| Cash receipts in the course of operations                   | 200,651   | 300,000                          | 6,966                                     |
| Cash payments in the course of operations                   | (1,584,747)                                     | (3,435,368)                      | (2,260,547)                               |
| Interest received   | 29,043  | 123,453                          | 79,590                                    |
| Net cash used in operating activities                       | (1,355,053)                                     | (3,011,915)                      | (2,173,991)                               |
| Cash flow from investing activities                         |   |                                  |   |
| Payments for property, plant and<br>equipment               | (5,109)   | (14,783)                         | (3,424)                                   |
| Proceeds from sale of property, plant and<br>equipment      | 400   | 38,386                           | 24,750                                    |
| Deposits received   | 122,078   | 47,776                           | 62,776                                    |
| Net cash used in investing activities                       | 117,369   | 71,379                           | 84,102                                    |
| Cash flow from financing activities                         |   |                                  |   |
| Proceeds from issue of equity securities                    | 1,197,500                                       | 1,111,475                        | 1,111,475                                 |
| Share issue costs   | (9,947)   | (82,588)                         | (82,588)                                  |
| Repayment of borrowings                                     | -   | -                                | -   |
| Net cash provided by financing activities                   | 1,187,553                                       | 1,028,887                        | 1,028,887                                 |
| Net decrease in cash  | (50,131)  | (1,911,649)                      | (1,061,002)                               |
| Cash and cash equivalents at the beginning<br>of the period | 1,319,779                                       | 3,231,428                        | 3,231,428                                 |
| Cash and cash equivalents at the end of the<br>period       | 1,269,648                                       | 1,319,779                        | 2,170,426                                 |

**(d) Material changes in financial position of Breakaway**

Other than expenditure incurred in the normal course of business, to the knowledge of each of the Breakaway Directors, the financial position of Breakaway has not materially changed since 31 December 2012 (the date on which the most recent auditor reviewed financial statements were prepared) as set out above, other than proceeds received from a research and development grant (\$294,778) and proceeds from the sale of Scotia (\$600,000). Cash on hand at 30 June 2013 was \$566,640.

**5.10 Risks Associated with being a Breakaway shareholder**

Please refer to section 7.4 of this Target's Statement.

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## **6 Information on Minotaur**

### **6.1 Information in relation to Minotaur and Minotaur's securities**

Minotaur is a listed public company. Sections 3, 4 and 5 of the Bidder's Statement provides corporate, operational and financial information in relation to Minotaur together with information about Minotaur securities. Further information in relation to Minotaur can be obtained from the Minotaur website at [www.minotaurexploration.com.au](http://www.minotaurexploration.com.au) or the ASX at [www.asx.com.au](http://www.asx.com.au) (ASX code: MEP).

### **6.2 Risks associated with becoming a Minotaur shareholder**

There are certain risks associated with holding Minotaur Shares. Those risks are outlined in section 9 of the Bidder's Statement.

The Breakaway Directors encourage Breakaway Shareholders to consider the Bidder's Statement including the risks set out in section 9 of the Bidders Statement before deciding on their course of action in relation to the Offer and to consult with their investment, financial, taxation or other professional advisers if necessary.

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## **7 Matters for Breakaway Shareholders to consider**

### **7.1 Minotaur's intentions with respect to Breakaway**

The intentions of Minotaur (as at the date of the Bidder's Statement) in relation to Breakaway, its business, assets and employees are set out in section 7 of the Bidder's Statement. These statements are statements of Minotaur's intentions current at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

### **7.2 Minotaur nominee directors**

As noted in section 4.3, Minotaur will nominate Mr Andrew Woskett and Dr Tony Belperio as directors of Breakaway. Profiles of these individuals are set out below.

**Mr Andrew Woskett** Managing Director of Minotaur Exploration Limited is an engineer with over 30 year's in the mining industry comprising, feasibility studies, minerals exploration, project management, mine development, operations and corporate management experience.

**Dr Tony Belperio** Director, Business Development of Minotaur Exploration Limited, is a geologist with over 30 year's exploration industry and resources management experience.

### **7.3 Risk factors in investing in Minotaur Shares**

Breakaway Shareholders who accept the Minotaur Offer will become shareholders in Minotaur. Section 9 of the Bidder's Statement outlines the risks that Breakaway Shareholders may face when investing in Minotaur Shares.

If you require further information regarding risks associated with holding Minotaur Shares in order to make a decision as to whether or not to accept the Minotaur Offer, you should contact your accounting, legal or other professional adviser.

Neither Breakaway nor any of its officers or advisers accepts any liability or responsibility in respect of movement in Minotaur's Share price before, during or following close of the Minotaur Offer.

### **7.4 Risk factors in continuing to hold Breakaway Shares**

If you do not accept the Minotaur Offer and Minotaur does not acquire 100% of Breakaway Shares, set out below are some of the risks for you in continuing to hold Breakaway Shares.

Many of these risks are relevant to Breakaway Shareholders today and will be relevant to Breakaway Shareholders who remain as Breakaway Shareholders following completion of the Minotaur Offer. Many of these risks are outside the control of Breakaway and the Breakaway Board. There can be no certainty that Breakaway will achieve its stated objectives or that any forward looking statements will be achieved. Additional risks and uncertainties not currently

known to Breakaway may have a material adverse effect on Breakaway's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect Breakaway. Breakaway Shareholders should read this Target's Statement in its entirety and carefully consider the following risk factors in deciding whether to accept the Minotaur Offer.

### ***Liquidity of Breakaway Shares***

If Minotaur waives its minimum acceptance condition (which it may do if it acquires a relevant interest in at least 50.1% but less than 90% of the Breakaway Shares without Breakaway's consent) or varies its minimum acceptance condition to no less than 50.1% (which it may do without Breakaway's consent), and acquires some but not all of the Breakaway Shares, Breakaway Shareholders who do not accept the Minotaur Offer run the risk of being minority shareholders in a company with reduced share trading liquidity. The potential consequences of remaining a minority shareholder in Breakaway are set out in section 1.8 of this Target's Statement. ***General risks***

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, war and civil disturbances may have an impact on prices, operating costs and market conditions generally. Accordingly, Breakaway's future possible revenue and operations can be affected by these factors, which are beyond the control of Breakaway. General movements in local and international stock markets, and economic conditions could all affect the value of Breakaway Shares.

### ***Future capital requirements***

Breakaway's activities will require substantial expenditure, including that for exploration of its current portfolio of exploration projects. If Breakaway is unable to use debt or equity to fund exploration, acquisition and development of its projects there can be no assurances that it will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to Breakaway or at all. Any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which limit its operations and business strategy.

Furthermore, Breakaway's failure to raise capital if and when needed could delay or suspend Breakaway's business strategy and could have a material adverse effect on Breakaway's activities.

### ***Foreign currency risk***

Foreign currency exchange risk involves exchange rate movements amongst currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements.

Unfavourable movements in foreign currency exchange rates may have an adverse effect on Breakaway's operations and the market price of Breakaway Shares. Breakaway does not hedge against these risks.

### ***Operating risks***

The operations of Breakaway may be affected by various factors, including operational and technical difficulties encountered in exploration and production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated geological problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; infrastructure failures and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

### ***Exploration, mining and development risks***

Exploration and mining are high risk, speculative activities that require large amounts of expenditure over extended periods of time. The Company's exploration activities would be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

### ***Resource and reserve estimates***

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly upon new information becoming available. In addition, the estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Breakaway encounter mineralisation or formations different from those predicted by past sampling and drilling, estimates may have to be adjusted and mining plans may have to be altered in a way which could have a negative effect on Breakaway's operations. A Mineral Resource is not the equivalent of a commercially mineable ore body or an Ore Reserve.

### ***Licences and permits***

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, may depend on Breakaway being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with them.



### ***Joint venture parties, agents and contractors***

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Breakaway is or may become a party or the insolvency or managerial failure by any of the contractors used by Breakaway in any of its activities, or the insolvency or other managerial failure by any of the other service providers used by Breakaway for any activity.

### ***Economic factors***

Factors such as inflation, currency fluctuations, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Breakaway's future possible revenues and share price can be affected by these factors which are beyond the control of Breakaway and the Breakaway Directors.

### ***Government policy changes***

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of Breakaway and may affect industry profitability as well as Breakaway's capacity to explore and mine.

Breakaway is not aware of any reviews or changes that would affect its operations. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Breakaway's exploration plans or its rights and obligations in respect of its operations. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Breakaway.

### ***Title risks***

While Breakaway has attempted to diligently investigate the title to, and rights and interests in the concessions held by the Breakaway Group and, to the best of its knowledge, such title and interests are in good standing, this should not be construed as a guarantee of the same. The concessions may be subject to undetected defects. If a defect does exist it is possible that the Breakaway Group may lose all or part of its interest in those concessions to which the defect relates.

### ***Breakaway does not have any production revenues***

To date, Breakaway has not recorded any revenues from its projects nor has Breakaway commenced commercial production on any of its properties. There can be no assurance Breakaway will be profitable in the future.

### ***Legal risks***

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the interpretation of the legal requirements in any of the legal jurisdictions which govern Breakaway's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of Breakaway

and the Breakaway Shares. In addition there is a commercial risk that legal action may be taken against Breakaway in relation to commercial matters.

### ***Uninsured loss and liability***

Exploration for and development of mineral resources involves hazards and risks that could result in Breakaway incurring losses and liabilities to third parties. There is a risk that Breakaway may not be insured against all losses or liabilities that could arise from its operations. If Breakaway incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of Breakaway's assets may be at risk.

### **7.5 No alternative proposals**

If you accept the Minotaur Offer, you may forfeit the opportunity to benefit from any Superior Proposal made by another bidder for your Breakaway Shares, if such an offer eventuates.

Breakaway Shareholders should note that your Directors' recommendation is subject to the absence of a Superior Proposal.

As at the date of this Target's Statement, no competing or Superior Proposal had been received by the Breakaway Board or is currently under consideration by the Breakaway Board. Your Directors are also not aware of any other offer or proposal which might be made as an alternative to the Minotaur Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

### **7.6 Transaction expenses**

The Minotaur Offer has resulted in Breakaway incurring expenses that would not otherwise arise from trading in the current financial year. These expenses are anticipated to be approximately \$440,000. Expenses include legal, financial and tax advisers engaged to assist in this transaction and other transaction related expenses which will have a negative impact on the after tax earnings in the current financial year.

### **7.7 Right to sell Breakaway Shares**

Breakaway Shareholders who accept the Minotaur Offer (even while the Minotaur Offer is conditional) will be giving up their rights to sell or otherwise deal with their Breakaway Shares.

### **7.8 Payment**

No payment for the Breakaway Shares tendered into the Minotaur Offer will be made until after the Minotaur Offer becomes unconditional. If the Minotaur Offer becomes unconditional, you will be paid under the Minotaur Offer on or before the earlier of:

- the day 1 month after the date of your acceptance of the Minotaur Offer or, if the Minotaur Offer is subject to an Offer Condition when accepted, 1 month after the contract resulting from your acceptance of the Minotaur Offer becomes unconditional; and

- the day 21 days after the end of the Minotaur Offer Period.

See section 12.8 of the Bidder's Statement for further details on when you will be sent your payment from Minotaur.

#### **7.9 Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders**

Certain foreign holders of Breakaway Shares and holders of Unmarketable Parcels of Breakaway Shares may not be entitled to receive Minotaur Shares on accepting the Minotaur Offer. If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder and you accept the Minotaur Offer, you will receive the net cash sale proceeds from the sale of the Minotaur Shares which form part of the sale consideration and which you would otherwise have received. See sections 12.9 and 12.10 and the "Important Information" section of the Bidder's Statement for further details.

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## **8 Australia taxation consequences of accepting the Minotaur Offer**

Breakaway and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of accepting the Minotaur Offer or in respect of the taxation consequences themselves. All Breakaway Shareholders should consult their own independent professional tax advisers regarding the tax consequences of accepting the Minotaur Offer.

Breakaway is not registered as a tax agent under the Tax Agents Services Act and cannot provide Tax Agent Services, which includes the giving of tax advice, under the Act.

### **8.1 Introduction**

The following summary of potential tax consequences of accepting the Minotaur Offer is based on current Australian taxation law as at the date of the Target's Statement and is general in nature. Breakaway Shareholders should obtain and rely on their own taxation advice in relation to the taxation consequences of disposing of their Breakaway Shares under the terms of the Minotaur Offer.

In particular, the summary does not cover the tax consequences of accepting the Minotaur Offer for:

- Breakaway Shareholders who are non-residents or temporary residents of Australia for tax purposes;
- Breakaway Shareholders who hold their Breakaway Shares on revenue account or as trading stock; or
- Breakaway Shareholders who acquired their Breakaway Shares through an employee share scheme (or similar).

Such Breakaway Shareholders should seek their own professional taxation advice on the tax consequences of accepting the Minotaur Offer.

### **8.2 Australian taxation consequences for Australian resident Breakaway Shareholders**

#### ***Shares held on capital account***

Acceptance of the Minotaur Offer may result in a disposal for capital gains tax (*CGT*) purposes. The tax consequences of disposing of Breakaway Shares under the Minotaur Offer for Australian resident Breakaway Shareholders who hold their Breakaway Shares on capital account will depend on whether or not scrip-for-scrip rollover relief is available or chosen.

#### **(a) No scrip-for-scrip rollover relief available or chosen**

The disposal of Breakaway Shares under the Minotaur Offer may result in a disposal at the date the contract is entered into. Capital proceeds of the disposal will be the market value of the (1) one Minotaur Shares for each (10) ten Breakaway Shares at the date the contract is entered into.

The CGT cost base will generally include the cost of acquiring the Breakaway Shares plus any other incidental acquisition costs. Breakaway Shareholders who have received returns of capital while holding Breakaway Shares should also ensure that the CGT cost base has been appropriately adjusted.

Without application of the scrip-for-scrip rollover provisions (refer to section (b) below), Breakaway Shareholders will derive a capital gain if the capital proceeds are greater than the CGT cost base of their Breakaway Shares or incur a capital loss if the capital proceeds are less than the CGT cost base of their Breakaway Shares.

Breakaway Shareholders may be able to offset any capital gain with any current or prior year capital losses, subject to the loss utilisation rules that may apply.

Breakaway Shareholders who acquired their Breakaway Shares before 11.45am on 21 September 1999 may choose to apply indexation to the CGT cost base of their Breakaway Shares in calculating any capital gain (but not a capital loss). Indexation has been frozen since 30 September 1999. Applying indexation renders a shareholder ineligible to use the general 50% CGT discount (see further below).

Alternatively, a Breakaway Shareholder who is an individual, trust or complying superannuation fund, and has held their Breakaway Shares for at least one year may choose to apply the general CGT discount. Utilisation of the general CGT discount will result in individuals and trusts only including 50% (complying superannuation funds 66⅔%) of the capital gain in their assessable income. Capital losses must be deducted before applying any CGT discount.

For CGT purposes, Minotaur Shares acquired as a result of acceptance of the Minotaur Offer will be taken to have been acquired at the time the contract was entered into.

#### **(b) Scrip-for-scrip rollover relief**

Scrip-for-scrip rollover relief may apply when a taxpayer exchanges interests (the original interest in the original entity) for replacement interests in another entity (the replacement interest in the replacement entity) in consequence of a single arrangement.

The single arrangement must result in the acquiring entity (Minotaur) ultimately acquiring at least 80% of the voting shares in the original entity (Breakaway).

Additionally, the arrangement must be one in which all the owners of voting shares in the original entity are able to participate, and on substantially the same terms.

For rollover relief to be available the taxpayer must have acquired their original interest on or after 20 September 1985 and aside from the potential application of the rollover relief would otherwise make a capital gain as a result of the Minotaur Offer completing.

To the extent that scrip-for-scrip rollover relief is utilised by a taxpayer, any capital gain made as a result of the single arrangement is ignored. Further, the cost base of the replacement interest is determined by reasonably attributing to

it the CGT cost base (or part of it) of the original interest for which a rollover was obtained.

A taxpayer can obtain a partial rollover when they receive something other than its replacement interest. In such circumstances, the capital gain or loss derived or incurred as a result of receiving such ineligible capital proceeds is calculated by comparing the total ineligible proceeds received, with the CGT cost base reasonably attributable to the ineligible capital proceeds.

A capital gain will result if the ineligible proceeds are greater than the attributed CGT cost base. A capital loss will result if the ineligible proceeds are less than the attributed CGT cost base.

The cost base of the replacement interests received under partial scrip-for-scrip rollover is determined by attributing on a reasonable basis the CGT cost base of the original interests that were exchanged for the replacement interests.

Scrip-for-scrip rollover relief does not apply automatically and must be chosen. The choice to utilise scrip-for-scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared.

One of the conditions of the Minotaur Offer is that Minotaur must acquire at least 90% of the shares on issue in Breakaway. If this condition is satisfied then Minotaur will have acquired at least 80% of the voting interests in Breakaway and will therefore have satisfied this pre-requisite for scrip-for-scrip rollover relief.

As all Breakaway Shares were acquired after 19 September 1985 and the Minotaur Offer is available to all Breakaway Shareholders on the same terms, Breakaway Shareholders who notionally derive a capital gain as a result of the Minotaur Offer may be entitled to utilise scrip-for-scrip rollover relief to defer the capital gain.

Minotaur will be able to compulsorily acquire any outstanding Breakaway Shares for which it has not received acceptances on the same terms as the Minotaur Offer if during, or at the end of, the Offer Period Minotaur (taken together with its associates):

- has a relevant interest in at least 90% (by number) of the Breakaway Shares; and
- has acquired at least 75% (by number) of the Breakaway Shares for which it has made a Minotaur Offer.

The tax consequences of compulsory acquisition may not be the same as those for agreeing to accept the Minotaur Offer and Breakaway Shareholders who dispose of their Breakaway Shares as a result of compulsory acquisition should seek specific taxation advice.

Minotaur has the right to waive the 90% acceptance condition, subject to obtaining Breakaway's written consent to any waiver below 50.1%. Should Minotaur waive this condition (assuming all other conditions to the Offer are satisfied or waived) and ultimately acquire less than 80% of the Breakaway

Shares on issue pursuant to the Minotaur Offer, no Breakaway Shareholder will be able to avail themselves of scrip-for-scrip relief.

If Minotaur acquires more than 80% of Breakaway, Breakaway will apply to the Australian Taxation Office for a Class Ruling on behalf of all shareholders to confirm that the scrip-for-scrip rollover is available.

When scrip-for-scrip rollover relief is chosen, the time of acquisition of the replacement interests (Minotaur Shares) is taken to be the time of acquisition of the original interests (Breakaway Shares) for CGT purposes.

### **8.3 GST**

No GST should apply to the disposal of any Breakaway Shares. However GST may be payable on some costs incurred in relation to disposing of any Breakaway Shares.

Breakaway Shareholders who are registered for GST may not be able to claim all of the input tax credits in respect of any GST paid that relates to the transfer of Breakaway Shares.

No GST is payable in respect of the acquisition of the Minotaur Shares.

### **8.4 Landholder Duty**

Landholder Duty may apply to the transaction. If so, the liability will not rest with any Breakaway Shareholder. However, an exception is that a Breakaway Shareholder can potentially be liable if they are a related party of Minotaur.



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## 9 Information about the Minotaur Offer

### 9.1 Minotaur Offer consideration

The consideration being offered under the Minotaur Offer is (1) one Minotaur Share for every (10) ten Breakaway Shares held by Breakaway Shareholders.

Certain foreign holders of Breakaway Shares and holders of Unmarketable Parcels of Breakaway Shares may not be entitled to receive Minotaur Shares on accepting the Minotaur Offer. If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder and you accept the Minotaur Offer, you will receive the net cash sale proceeds from the sale of the Minotaur Shares which form part of the sale consideration and which you would otherwise have received. See sections 12.9 and 12.10 and the "Important Information" section of the Bidder's Statement for further details

### 9.2 Conditions of the Minotaur Offer

The Minotaur Offer Conditions are set out in full in section 13 of the Bidder's Statement. A summary of the Minotaur Offer Conditions is as follows:

- **90% minimum acceptance:** During, or at the end of, the Offer Period Minotaur and its Associates has a relevant interest in such number of Breakaway Shares which represents at least 90% of the aggregate of all the Breakaway Shares. This condition cannot be varied to below 50.1% or waived below 50.1% without the written consent of Breakaway (with Breakaway's current intention being not to consent to a variation or waiver of the condition to below 50.1%).
- **No Prescribed Occurrences:** No Prescribed Occurrences occur during the period beginning on the date the Bidder's Statement is given to Breakaway and ending at the end of the Offer Period.

Prescribed Occurrences do not include any occurrences fairly disclosed to Minotaur on or before the date of the Bid Implementation Agreement, occurring as a result of anything required by the Bid Implementation Agreement, or approved in writing by Minotaur.

- **No change of control rights:** During the Condition Period, no person having any right as a result of Minotaur acquiring Breakaway Shares to acquire or require Breakaway or a subsidiary to dispose of any material asset, terminate or vary a material agreement, or accelerate or adversely modify the performance of any obligations of Breakaway or any of its subsidiaries under a material agreement.
- **Access to information:** During the Condition Period, and in any event within 2 (two) Business Days, Breakaway must promptly provide Minotaur with all information which Minotaur may from time to time reasonably request, whether or not generally available (within the meaning of section 1042C of the Corporations Act) relating to Breakaway or any of its subsidiaries, or their respective assets, liabilities or operations.

To the extent however, that any information is received by Breakaway under the exception to the no-talk restriction in the Bid Implementation

Agreement, Breakaway is under no obligation to provide any such information, or if any information may be considered "inside information" within the meaning of Part 7.10, Division 3 of the Corporations Act, Breakaway is under no obligation to provide any such information to Minotaur until it has been disclosed to the ASX or is no longer "inside information" within the meaning of Part 7.10, Division 3 of the Corporations Act.

- **No regulatory actions:** During the Condition Period, there are no decisions, orders, decrees issued; no actions or investigation threatened or instituted; and no application is made to any Public Authority (other than by Minotaur or a company within the Minotaur group or, an application under section 657G of the Corporations Act) in consequence of, or in connection with, the Bid, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Bid or the completion of any transaction contemplated by the Bidder's Statement or seeks to require the divestiture by Minotaur of any Breakaway Shares, or the divestiture of any assets by Breakaway or by any subsidiary of Breakaway or by any company within the Minotaur Group.
- **Approvals:** During the Condition Period Minotaur receives all approvals which are required by law or any Public Authority, ASX, ASIC or the Takeovers Panel to permit the Minotaur Offer to be made to and accepted by Breakaway Shareholders or, as a result of the Minotaur Offer, or the successful acquisition of the Breakaway Shares, are necessary for the continued operation of the business of Breakaway and its subsidiaries or of Minotaur and its subsidiaries.
- **No material acquisitions, disposals or new commitments:** Except for as notified in writing by Breakaway to Minotaur (including as contemplated by the Bid Implementation Agreement) or as disclosed to the ASX before the Announcement Date, none of the following events occur during the Condition Period without the written consent of Minotaur (not to be unreasonably withheld or delayed):
  - (i) Breakaway, or any subsidiary of Breakaway, acquires, offers to acquire or agrees to acquire one or more businesses, entities or assets (or an interest in one or more businesses, entities or assets) for an amount in aggregate greater than \$5,000;
  - (ii) Breakaway, or any subsidiary of Breakaway, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more businesses, entities or assets (or an interest in one or more businesses, entities or assets) for an amount in aggregate greater than \$20,000;
  - (iii) Breakaway, or any subsidiary of Breakaway, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure; or
  - (iv) Breakaway, or any subsidiary of Breakaway, incurs or commits to, or grants to another person a right the exercise of which

would involve Breakaway or any subsidiary incurring or committing to any capital expenditure or liability for one or more related items of greater than \$5,000.

- **No material failings in filings:** Minotaur does not become aware, during the Condition Period, that any document filed by or on behalf of Breakaway with ASIC or any other Public Authority contains a statement which is incorrect or misleading in any material particular or from which there is a material omission which could be expected to have a material adverse effect on the value of Breakaway.
- **No break fees:** During the Condition Period none of Breakaway, and any body corporate which is or becomes a subsidiary of Breakaway, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:
  - (i) a takeover offer for Breakaway or any body corporate which is or becomes a subsidiary of Breakaway; or
  - (ii) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, Breakaway or any body corporate which is or becomes a subsidiary of Breakaway, or to operate Breakaway as a single economic entity with another body corporate.

This condition does not apply to a payment, benefit or agreement for providing professional advisory services to Breakaway; which is approved in writing by Minotaur; which is contemplated in the Bid Implementation Agreement; or which is made to, provided to, or owed by or made with Minotaur.

- **Conduct of Breakaway's business:** During the Condition Period, none of Breakaway, or any body corporate which is or becomes a subsidiary of Breakaway, without the written consent of Minotaur:
  - (i) declares or distributes any dividend, bonus or other share of its profits or assets;
  - (ii) issues or grants options over or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes, other than the issue of Breakaway Shares upon the exercise of the Breakaway Options on issue at the date of the Bid Implementation Agreement;
  - (iii) amends its constitution or proposes a special resolution;
  - (iv) encumbers or agree to encumber any of its assets (other than in the ordinary course of business);

- (v) borrows or agrees to borrow any money;
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has materially breached, terminated or materially varied any material agreement to which Breakaway or a subsidiary is a party;
- (viii) has appointed any additional director to its board whether to fill a casual vacancy or otherwise;
- (ix) enters or agrees to enter into any contract of service, or varies or agrees to vary any existing contract with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);
- (x) conducts its business otherwise than in the ordinary course;
- (xi) has threatened or commenced against it any material claims or proceedings; or
- (xii) executes a deed of company arrangement, passes any resolution for liquidation or has an administrator, receiver or manager appointed or becomes susceptible to such an appointment, or becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation.

- **No Material Adverse Change:** During the Condition Period, no Material Adverse Change in respect of Breakaway and its subsidiaries occurs, is discovered by or becomes known to Minotaur (whether or not it becomes public).
- **Breakaway Options cancellation:** During the Condition Period either all Breakaway Options have been exercised, cancelled or transferred to Minotaur or agreement has been reached between Minotaur, Breakaway and the holders of the Breakaway Options to do so.

### 9.3 Likelihood of satisfaction of the Offer Conditions

As at the date of this Target's Statement, Breakaway is not aware of any act, omission, event or fact that would result in the breach or non-satisfaction of an Offer Condition.

While the Directors have no reason to believe that the Offer Conditions will not be satisfied, Breakaway is not in a position to state whether the Offer Conditions will be satisfied.

#### **9.4 Implications of Offer Conditions not being satisfied**

Any Offer Conditions which are not satisfied (or triggered, as appropriate) may be waived by Minotaur, other than the 90% minimum acceptance condition which may only be varied to below 50.1% or waived below 50.1% with the written consent of Breakaway.

If any Offer Condition (other than the 90% minimum acceptance condition which may only be varied or waived as noted above) is unsatisfied (or has been triggered), Minotaur will have a choice either to waive the Offer Condition and proceed with the Minotaur Offer or to allow the Minotaur Offer to lapse with unsatisfied Offer Conditions.

#### **9.5 Offer Period**

The Minotaur Offer will be open for acceptance from 9 August 2013 until 5.00pm (Perth time) on 11 September 2013, unless extended or withdrawn.

#### **9.6 Withdrawal of your acceptance**

If you accept the Minotaur Offer (even while it remains subject to Minotaur Offer Conditions) you will not be able to sell your Breakaway Shares or otherwise deal with your Breakaway Shares (including by accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Breakaway Board), subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Breakaway Shareholders may only withdraw their acceptance of the Minotaur Offer if:

- the Offer Conditions are not satisfied or waived by the end of the Offer Period - in that situation, you will be free to deal with your Breakaway Shares; or
- Minotaur varies the Minotaur Offer in a way that postpones the time when Minotaur is required to satisfy its obligations by more than one month, for example if Minotaur extends the Offer Period by more than one month, while the Minotaur Offer is still conditional.

#### **9.7 Notice of status of Offer Conditions**

Section 12.16 of the Bidder's Statement indicates that, as required by section 630 of the Corporations Act, Minotaur will give a notice of status of Offer Conditions (**Conditions Notice**) to the ASX and Breakaway on 3 September 2013.

Minotaur is required to set out in its Conditions Notice:

- whether the Minotaur Offer is free from the Offer Conditions;
- whether, so far as Minotaur knows, the Offer Conditions have been fulfilled on the date the Conditions Notice is given; and
- Minotaur's voting power in Breakaway.

If the Offer Period is extended by a period before the date by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be

taken to be postponed for the same period. In the event of such an extension, Minotaur is required, as soon as practicable after the extension, to give a notice to the ASX and Breakaway that states the new date for the giving of the Conditions Notice. If a condition is fulfilled (so that the Minotaur Offer becomes free of that condition) during the Offer Period but before the date on which the Conditions Notice is required to be given, Minotaur must, as soon as practicable, give the ASX and Breakaway a notice that states that the particular condition has been fulfilled.

## **9.8 Compulsory acquisition**

As at the date of its Bidder's Statement, Minotaur has stated that, if it becomes entitled to do so, it intends to proceed to compulsorily acquire outstanding Breakaway Shares under Part 6A.1, Division 1 of the Corporations Act, following the Bid, or alternatively, pursuant to Part 6A.2, Division 1 of the Corporations Act. See section 7 of the Bidder's Statement for further details of Minotaur's intentions.

Under section 661A(1) of the Corporations Act, Minotaur will be able to compulsorily acquire any outstanding Breakaway Shares for which it has not received acceptances on the same terms as the Minotaur Offer if during, or at the end of, the Offer Period Minotaur (taken together with its Associates):

- has a relevant interest in at least 90% (by number) of the Breakaway Shares; and
- has acquired at least 75% (by number) of the Breakaway Shares for which it has made the Minotaur Offer.

If the above thresholds are met, Minotaur will have one month from the end of the Minotaur Offer Period within which to give compulsory acquisition notices to Breakaway Shareholders who have not accepted the Minotaur Offer. The consideration payable by Minotaur will be the consideration last offered under the Minotaur Offer immediately before:

- the issue of the compulsory acquisition notice (if the notice is given before the end of the Offer Period); or
- the end of the Offer Period (if the compulsory acquisition notice is given after the end of the Offer Period).

If Minotaur does not become entitled to compulsorily acquire Breakaway Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

Breakaway Shareholders may challenge any compulsory acquisition, but this would require the relevant Breakaway Shareholders to establish to the satisfaction of a court that the terms of the Minotaur Offer do not represent fair value for the Breakaway Shares. If Breakaway Shares are compulsorily acquired, Breakaway Shareholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.



## **9.9 Breakaway Options**

As set out in section 9.2 above, the exercise, cancellation or transfer to Minotaur (or agreement to do so) is one of the Offer Conditions.

Under section 2.9 of the Bid Implementation Agreement, subject to the grant of any required ASX waiver and prior to the Bid becoming unconditional, Breakaway agreed to make an offer to cancel all of the Breakaway Options, for consideration no more than the Breakaway Option Consideration, with cancellation, subject to the Offer having become unconditional, to be made on or before the last day of the Condition Period. It was also agreed that the Breakaway Option Consideration under such arrangements would increase in an equivalent manner to any increase in the consideration offered under the Minotaur Offer. Further to these requirements of the Bid Implementation Agreement, Breakaway has entered into legally binding agreements with the holders of the Breakaway Options on these terms and pursuant to which it will pay each holder of Breakaway Options the relevant Breakaway Option Consideration for the cancellations of their respective options. The Breakaway Options under each agreement will be cancelled with effect from midnight on the last day of the Offer Period subject to:

- the grant by ASX of a waiver of ASX Listing Rule 6.23.2 (which, if not waived, requires the prior approval of Breakaway Shareholders to the cancellation), in a form satisfactory to Breakaway;
- the Offer becoming unconditional; and
- Minotaur having obtained at least 50.1% of the voting power in Breakaway.

The waiver of ASX Listing Rule 6.23.2 has been applied for by Breakaway. If the waiver is not obtained from ASX, Breakaway will not seek the approval of Breakaway Shareholders for the cancellation and the Breakaway Options will not be cancelled.

Further information regarding the Breakaway Options and their cancellation are set out in section 6.6 of the Bidder's Statement.



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## **10 Interests of Directors**

### **10.1 Interests of Directors in shares in Breakaway**

The number and description of shares in Breakaway in which each of the Directors has a relevant interest is set out in the table below.

| Director              | Fully Paid Ordinary Shares |                        |
|-----------------------|----------------------------|------------------------|
|                       | Number Directly Held       | Number Indirectly Held |
| Mr John Atkins        | nil                        | 986,612                |
| Mr Victor Rajasooriar | nil                        | 707,242                |
| Mr Jeffrey Gresham    | nil                        | 1,023,279              |
| Mr Jon Young          | nil                        | 2,359,945              |

### **10.2 Dealings by Directors in Breakaway securities**

There have been no acquisitions or disposals of securities in Breakaway by any Director in the four months ending on the day preceding the date of this Target's Statement.

### **10.3 Interests and dealings in Minotaur securities**

Neither Breakaway nor any Director has a relevant interest in securities of Minotaur or any Related Body Corporate of Minotaur.

There have been no acquisitions or disposals of securities in Minotaur or any Related Body Corporate of Minotaur by Breakaway or any Director in the four months ending on the day preceding the date of this Target's Statement.

### **10.4 Benefits to Directors**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Breakaway or Related Body Corporate of Breakaway.

### **10.5 Conditional agreements**

Except as set out in this Target's Statement, no agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of the Minotaur Offer other than in their capacity as a Breakaway Shareholder.

### **10.6 Director recommendation to accept the Offer**

The Breakaway Directors unanimously recommend that you accept the Minotaur Offer in the absence of a Superior Proposal

Each of the Breakaway Directors intends to accept the Offer in respect of the Breakaway Shares held by them or on in which they have a relevant interest, in the absence of a Superior Proposal. The Directors of Breakaway collectively hold (directly and indirectly) 5,077,078 Breakaway Shares or 1.2% of Breakaway's issued share capital.

**10.7 Interests in contracts with Minotaur**

No Director has any interest in any contract entered into by Minotaur.

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## **11 Additional information**

### **11.1 Issued securities**

The total number of Breakaway Shares as at the date of this Target's Statement is 434,854,266.

The total number of Breakaway Options as at the date of this Target's Statement is 7,500,000.

Breakaway has no other issued share capital.

### **11.2 Pre-Bid Acceptance Agreement**

Minotaur has entered into a pre-bid acceptance agreement with Breakaway Shareholder Norilsk Nickel Australia Pty Ltd (*Pre-Bid Agreement*).

Under the Pre-Bid Agreement, Norilsk Nickel Australia Pty Ltd has agreed that if Minotaur publicly announces the Offer at no less than one (1) Minotaur Share for every ten (10) Breakaway Shares and on conditions no less favourable than the conditions set out in section 13 of the Bidder's Statement, Norilsk Nickel Australia Pty Ltd will accept the Offer in respect of 86,536,000 Breakaway Shares within 5 (five) business days of the Offer being open for acceptance.

The full terms of the Pre-Bid Agreement can be viewed in the announcement made by Minotaur dated 15 July 2013 at [www.asx.com.au](http://www.asx.com.au) (ASX code: MEP).

Minotaur has also been informed by the Breakaway Directors that they intend to accept the Offer in respect of all the Breakaway Shares they hold, no later than two Business Days prior to the end of the Offer Period.

### **11.3 Bid Implementation Agreement**

Breakaway and Minotaur have entered into a Bid Implementation Agreement which governs their relationship in relation to the Minotaur Offer. A non-exhaustive summary of the key terms of the Bid Implementation Agreement is set out in section 11.14 of the Bidder's Statement.

The full terms of the Bid Implementation Agreement can be viewed in the announcement made by Minotaur dated 15 July 2013 at [www.asx.com.au](http://www.asx.com.au) (ASX code: MEP).

### **11.4 Latest financial results and change of financial position**

Breakaway's last auditor reviewed financial statements are for the six months ended 31 December 2012. Breakaway Shareholders should read those statements in full (including the notes to those statements).

Breakaway's cash position at 30 June 2013 was \$0.56 million. Breakaway will incur costs of approximately \$440,000 in relation to the Bid (see section 7.6 of this Target's Statement).

Other than the:

- (a) cash position at 30 June 2013 of \$0.56 million;

- (b) proceeds from the sale of Scotia of \$600,000 received in July 2013; and
- (c) proceeds received from a research and development grant of \$294,778 received in June 2013,

the Directors are not aware of any material change to Breakaway's financial position as disclosed in Breakaway's auditor reviewed financial statements for the financial year ended 31 December 2012.

#### **11.5 Financial information about Minotaur**

Please refer to section 4 of the Bidder's Statement for historical financial information relating to Minotaur.

#### **11.6 Forecast financial information**

Breakaway has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. Your Directors have concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information for the Breakaway Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

#### **11.7 Director intentions to accept the Offer**

Each of the Breakaway Directors intends to accept the Offer in respect of the Breakaway Shares held by them or in which they have a relevant interest, in the absence of a Superior Proposal. The Directors of Breakaway collectively hold (directly and indirectly) 5,077,078 Breakaway Shares or 1.2% of Breakaway's issued share capital.

#### **11.8 Potential impact of Minotaur Offer on material contracts**

So far as the Directors are aware, none of Breakaway's material contracts have a change of control clause which will be triggered if Minotaur is successful in acquiring control of Breakaway, giving the counterparty the ability to terminate the contract or which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Breakaway. However, Breakaway has not been able to undertake a detailed review of all contracts to which members of the Breakaway Group are a party and, accordingly, no assurance can be given that there are no such contracts that are material.

#### **11.9 Material litigation**

The Directors are not aware of any material litigation or potential material litigation involving Breakaway or any member of the Breakaway Group.

#### **11.10 ASX waiver**

ASX Listing Rule 6.23.2 provides that the cancellation of unlisted options for consideration requires the approval of shareholders.

Breakaway has applied to ASX for a waiver of ASX Listing Rule 6.23.2 to permit cancellation of the Breakaway Options as contemplated by section 9.9 of this Target's Statement.

#### **11.11 Early dispatch of Bidder's Statement**

The Directors of Breakaway have agreed that Minotaur may send the Bidder's Statement to Breakaway Shareholders earlier than would otherwise be permitted under the Corporations Act provided that Minotaur contemporaneously send the Target's Statement to Breakaway Shareholders, subject to Breakaway lodging the Target's Statement with ASIC and ASX on or by 2 August 2013 and providing it contemporaneously to Minotaur.

#### **11.12 Disclosing entity**

Breakaway is a "disclosing entity" under the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of the documents filed with the ASX may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: BRW) and Breakaway's website at [www.breakawayresources.com.au](http://www.breakawayresources.com.au).

#### **11.13 Other material information**

This Target's Statement is required to include all the information that Breakaway Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Minotaur Offer, but only:

- to the extent to which it is reasonable for Breakaway Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- if the information is known to any Director.

The Directors are of the opinion that the information that Breakaway Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Minotaur Offer is the information contained in:

- Minotaur's release to the ASX on 15 July 2013;
- the Bidder's Statement; and
- this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Breakaway Shares;
- the matters that Breakaway Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Breakaway Shareholders' professional advisers; and
- the time available to Breakaway to prepare this Target's Statement.

#### **11.14 Consents**

Victor Rajasooriar has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Victor Rajasooriar takes no responsibility for any part of this Target's Statement other than any reference to his name.

Michael Andrew has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Michael Andrew takes no responsibility for any part of this Target's Statement other than any reference to his name.

Ivor Jones has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement as a Competent Person in the form and context he is so named. Ivor Jones takes no responsibility for any part of this Target's Statement other than any reference to his name.

Allion Legal has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Breakaway's legal advisers in the form and context it is so named. Allion Legal has not advised on the laws of any foreign jurisdiction. Allion Legal has not provided taxation advice in relation to any jurisdiction. Allion Legal has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

RFC Ambrian Limited has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Breakaway's financial advisers in the form and context it is so named. RFC Ambrian Limited has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX by Breakaway and Minotaur. The parties making those statements are not required

to consent to, and have not consented to, inclusion of those statements in this Target's Statement.

Any Breakaway Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Minotaur Offer Information Line on 1300 309 589 (within Australia) or +61 2 8022 7902 (for callers from outside Australia) (normal charges apply). Copies of some of these documents may be obtained from Breakaway's website [www.breakawayresources.com.au](http://www.breakawayresources.com.au).

This Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, this Target's Statement contains share price trading data sourced from FactSet without its consent.

#### **11.15 Date of Target's Statement**

This Target's Statement is dated 2 August 2013, which is the date on which it was lodged with ASIC.

#### **11.16 Approval of Target's Statement**

This Target's Statement has been approved by a resolution passed by the Directors on 2 August 2013. All Directors voted in favour of that resolution.

Signed for and on behalf of Breakaway:



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Mr Victor Rajasooriar  
Managing Director  
Breakaway Resources Limited



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## 12 Glossary

### 12.1 Definitions

**Allion Legal** means Allion Legal Pty Ltd (ACN 109 326 463).

**Announcement Date** means 15 July 2013.

**ASIC** means Australian Securities and Investments Commission.

**Associate** has the meaning given in section 12(2) of the Corporations Act.

**ASX** means ASX Limited or the Australian Securities Exchange, as appropriate.

**ASX Listing Rules** means the Listing Rules of the ASX.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532, the body which administers CHES (Clearing House Electronic Subregister System).

**ASX Settlement Operating Rules** means the rules of ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement.

**Bid** means the off-market takeover bid by Minotaur to all Breakaway Shareholders to be implemented in accordance with Chapters 6 to 6C of the Corporations Act.

**Bidder's Statement** means the bidder's statement in relation to the Minotaur Offer, prepared by Minotaur and dated 31 July 2013.

**Bid Implementation Agreement** means the agreement of that name entered into between Minotaur and Breakaway on 12 July 2013 and released to the ASX on the Announcement Date.

**Bid Period** means the period which starts when the Bidder's Statement is given to Breakaway and ends at the end of the Offer Period.

**Breakaway** or the **Company** means Breakaway Resources Limited (ACN 061 595 051).

**Breakaway Board** means the board of directors of Breakaway.

**Breakaway Group** means Breakaway and its subsidiaries.

**Breakaway Options** means the options to subscribe for Breakaway Shares.

**Breakaway Option Consideration** means:

- (a) for 5,000,000 Breakaway Options with an expiry date of 1 July 2015 and exercise prices of \$0.023 and \$0.10, nil consideration per Breakaway Option;
- (b) for 1,250,000 Breakaway Options with an expiry date of 11 May 2015 and an exercise price of \$0.053, consideration not exceeding \$0.0015 per Breakaway Option; and
- (c) for 1,250,000 Breakaway Options with an expiry date of 11 May 2015 and an exercise price of \$0.10, consideration not exceeding \$0.0009 per Breakaway Option.

**Breakaway Share** means a fully paid ordinary share in Breakaway.

**Breakaway Shareholder** means a registered holder of Breakaway Shares.

**Business Day** means a day which is not a Saturday, Sunday or public or bank holiday in Western Australia or South Australia.

**Conditions Notice** has the meaning given in section 9.7

**Condition Period** means the period commencing on the Announcement Date and ending at the end of the Offer Period.

**Competent Person** has the meaning set out in the JORC Code.

**Competing Proposal** means any proposal (including a scheme of arrangement) or offer that would, if completed substantially in accordance with its terms, result in:

- (a) any person or persons other than Minotaur or one of Minotaur's Associates acquiring:
  - (i) an interest in all or a substantial part of the assets of Breakaway;
  - (ii) a relevant interest in more than 20% of the voting shares of Breakaway; or
  - (iii) control of Breakaway within the meaning of section 50AA of the Corporations Act; or
- (b) Breakaway and another person or persons (other than Breakaway or one of Breakaway's Associates) operating under a dual listed company, or similar structure.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Director** means a current director of Breakaway as at the date of this Target's Statement.

**GST** has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Ineligible Foreign Shareholder** means a Breakaway Shareholder whose address as shown on the Breakaway share register is a place outside Australia and its external territories and New Zealand.

**JORC** means Joint Ore Reserves Committee.

**JORC Code** means the 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**Material Adverse Change** means an event, change or condition which has or could reasonably be expected to have a materially adverse effect on the:

- (a) assets, liabilities, financial position, performance, profitability or prospects of Breakaway and its subsidiaries taken as a whole or of any of them;
- (b) status or terms of arrangement entered into by Breakaway or any of its subsidiaries; or
- (c) status or terms of (or rights attaching to) any material approvals from Public Authorities applicable to Breakaway or any of its subsidiaries,

including without limitation:

- (a) any creditor demanding repayment of a debt of \$20,000 or more; and
- (b) any person accelerating or adversely modifying the performance of any obligations of Breakaway or any of its subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include any event, change or condition:

- (a) fairly disclosed in writing to Minotaur on or before the date of the Bid Implementation Agreement (including as a result of disclosures made to the ASX);
- (b) occurring as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Bid or the transactions contemplated by them; or
- (c) approved in writing by Minotaur.

**Merged Entity** means the entity comprising Minotaur and Breakaway assuming the Minotaur Offer has resulted in Breakaway becoming a wholly owned subsidiary of Minotaur.

**Minotaur** means Minotaur Exploration Limited (ACN 108 483 601).

**Minotaur Board** means the board of directors of Minotaur.

**Minotaur Group** means Minotaur and its Related Bodies Corporate.

**Minotaur Offer** or **the Offer** means the takeover offer by Minotaur for all Breakaway Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.

**Minotaur Offer Information Line** means the Offer information telephone assistance line which can be contacted during normal business hours in Perth, Western Australia, on 1300 309 589 from within Australia or on +61 2 8022 7902 from outside of Australia.

**Minotaur Share** means a fully paid ordinary share in Minotaur.

**Minotaur Shareholder** means a registered holder of Minotaur Shares.

**Mineral Resource** has the meaning given to it in the JORC Code.

**Offer Conditions** means the conditions summarised in section 9.2 of this Target's Statement and otherwise set out in full section 13 of the Bidder's Statement.

**Offer Period** means the period commencing on 9 August 2013 and ending at 5:00pm (Perth time) on the later of:

- (a) 11 September 2013; or
- (b) any date to which the period of the Minotaur Offer is extended by Minotaur, or as required by the Corporations Act. Minotaur may only extend the Offer Period beyond 31 October 2013 with the written consent of Breakaway.

**Ore Reserve** has the meaning given to it in the JORC Code.

**Prescribed Occurrence** means any of the events summarised below and otherwise listed in the definition of "Breakaway Prescribed Occurrence" in the Bidder's Statement:

- (a) Breakaway converts all or any of its shares into a larger or smaller number;
- (b) Breakaway or a subsidiary resolves to reduce its share capital (or those of its subsidiaries) in any way;
- (c) Breakaway or a subsidiary enters into a buy-back agreement or resolves to adopt the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Breakaway or a subsidiary issues shares (other than the Breakaway Shares upon the exercise of the Breakaway Options on issue at the date of the Bid Implementation Agreement) or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) Breakaway or a subsidiary issues or agrees to issue convertible notes;
- (f) Breakaway or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Breakaway or a subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) Breakaway or a subsidiary resolves to be wound up;
- (i) a liquidator or provisional liquidator is appointed to Breakaway or a subsidiary;
- (j) a court makes an order for the winding up of Breakaway or of a subsidiary;
- (k) an administrator of Breakaway, or of a subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Breakaway or a subsidiary executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Breakaway or of a subsidiary.

**Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

**Related Body Corporate** has the same meaning as in the Corporations Act.

**Relevant Interest** has the same meaning as in the Corporations Act.

**Superior Proposal** means a Competing Proposal that in the determination of the Breakaway Board acting in good faith:

- (a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- (b) is more favourable to Breakaway Shareholders than the Minotaur Offer, taking into account all terms and conditions of the Competing Proposal,

provided that a financial adviser, independent of the Breakaway Board, has provided a written opinion to the Breakaway Board which supports the determination of the matters in paragraphs (a) and (b) above.

**Target's Statement** means this document, being the statement of Breakaway under Part 6.5 Division 3 of the Corporations Act.

**Trading Day** has the meaning given in the ASX Listing Rules.

**Unmarketable Parcel** means a number of Minotaur Shares which is less than a 'marketable parcel' under the procedures of the ASX Operating Rules (currently a parcel of shares less than \$500) determined by using the highest closing price for Minotaur Shares published by ASX during the period beginning on the first day of the Bid Period, and ending on the earlier of:

- (a) five Trading Days before the first date on which Minotaur must pay or provide the consideration to a Breakaway Shareholder under the terms of the Offer; and
- (b) the end of the Bid Period.

**Unmarketable Parcel Shareholder** means a Breakaway Shareholder in respect of whom the total number of Minotaur Shares to which that Breakaway Shareholder would be entitled to receive as consideration under the Offer is an Unmarketable Parcel.

## 12.2 Interpretation

Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;

- the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia.