



breakaway

21 December 2009

Company Announcements Platform  
Australian Securities Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

By e-lodgement (ASX code: BRW)

Dear Sirs,

**NON RENOUNCEABLE RIGHTS ISSUE – NOTICE TO SHAREHOLDERS**

Breakaway Resources Limited advises that the attached letter relating to the non-renounceable rights issue announced on 15 December 2009 has been dispatched to eligible shareholders and overseas shareholders today.

Yours sincerely

David Hutton  
Chief Executive Officer



breakaway

17 December 2009

Dear Shareholder,

## NON-RENOUNCEABLE RIGHTS ISSUE

On Tuesday 15 December 2009, Breakaway Resources Limited announced a non-renounceable rights issue (**Rights Issue**) under which shareholders registered in Australia and New Zealand (**Eligible Shareholders**) will be offered 1 (one) fully paid ordinary share in the Company (**New Shares**) for every 3 (three) existing shares held as at 29 December 2009 (**Record Date**), at an issue price of 6 (six) cents for every New Share (the **Offer**).

The total number of New Shares to be issued pursuant to the Rights Issue will be approximately 59,818,330 New Shares to raise approximately \$3,589,000 before costs. The New Shares will rank equally with all other shares of the Company from the date of allotment. The Company will apply to have the New Shares quoted on the ASX.

The Rights Issue is fully underwritten by Patersons Securities Limited.

The proceeds of the Rights Issue will be used to drill test high-priority nickel sulphide targets on the Wildara Project Group, and Scotia Project, both located within the Eastern Goldfields of Western Australia. The proceeds will also be used to evaluate and develop new exploration targets on the West Kambalda, Miranda, and East Kimberley Projects, Western Australia, the Eloise Exploration Project, Queensland and provide for working capital.

A prospectus relating to the Offer has been lodged with the Australian Securities and Investment Commission and ASX and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au). We expect to dispatch the prospectus and the Entitlement and Acceptance Form to Eligible Shareholders on or around the 5 January 2010. The timetable\* and important dates of the Offer are set out below.

<b>Rights Issue Timetable Event</b>	<b>Date</b>
Lodgement of Prospectus with ASIC and ASX and announcement of Rights Issue	15 December 2009
Notice sent to security holders containing information required by Appendix 3B	17 December 2009
Shares quoted ex-Rights	21 December 2009
Record Date to determine entitlement to New Shares	29 December 2009
Prospectus with Entitlement and Acceptance Form dispatched to Shareholders	5 January 2010
Last day for acceptance and payment in full	22 January 2010
Last day for allotment of New Shares and dispatch of shareholding statements for New Shares	2 February 2010
Trading commences for New Shares no later than this date	3 February 2010

*\*Please note that these dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date (22 January 2010). You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the New Shares. The Offer does not require the approval of shareholders.*

### **Application for Shortfall**

Eligible Shareholders will be given the right to participate in any shortfall under the Rights Issue. Allocation of any shortfall will be at the discretion of the Underwriter and the Directors. The Underwriter has the right to allot all of the shortfall and accordingly there is no guarantee that applications for Additional Shares will be successful either in whole or in part. The Underwriter may allot applicants a lesser number of Additional Shares than the number for which the applicant applies or reject an application.

### **Options Holders**

Existing options holders may participate in the Rights Issue upon exercise of their vested options. The Company sent a notice to its option holders on 10 December 2009 to notify them of their right to participate in the Rights Issue upon exercise of their vested options.

### **Overseas Shareholders**

The Rights Issue is made only to those shareholders with registered addresses in Australia and New Zealand.

The Company is of the view that it is unreasonable to extend the Rights Issue to other overseas shareholders (ie. those without registered addresses in Australia and New Zealand) having regard to:

- the number of overseas shareholders;
- the number and value of New Shares to be offered to overseas shareholders; and
- the cost of complying with overseas legal requirements.

Overseas shareholders should contact the Company Secretary with any queries.

Eligible Shareholders should read the prospectus carefully, and consult their stockbroker, solicitor, accountant or other financial adviser if in any doubt as to the value of the Rights Issue.

If you have any queries in relation to the matters outlined in this letter, please contact the Company Secretary, Mr Simon Storm, on +61 8 9278 6444.

Yours sincerely



David Hutton  
Chief Executive Officer