

Breakaway Resources Limited

Prospectus

Underwritten Non-Renounceable Rights Issue
of 1 New Share for every 3 Existing Shares
at an issue price of 6 cents per New Share to raise \$3.59 million

Breakaway Resources Limited ABN 16 061 595 051

The Rights Issue closes at 5.00pm Perth time on 22 January 2010 (or such later date as the Directors in their absolute discretion and subject to the Listing Rules may determine).

Important Information

The New Shares offered by this Prospectus are of a speculative nature.

This Prospectus is not for general circulation or distribution, and has or will be issued, circulated and/or distributed only to eligible Shareholders. The offer to participate in the Rights Issue is made personally to eligible Shareholders to whom the Prospectus has been issued, distributed or circulated. The offer to participate in the Rights Issue is not made to any other persons and is not to be accepted by any other persons and the New Shares on offer may not be subscribed for by any other person.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course that you should follow, you should consult your stockbroker or professional adviser.

Important Notice

This Prospectus is dated 15 December 2009. A copy of the Prospectus was lodged with ASIC on 15 December 2009. ASIC and ASX take no responsibility for the contents of this Prospectus.

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

Definitions of certain terms used in this Prospectus appear in Section 6.

Numbers and dollar amounts in respect of the Rights Issue have been rounded and the precise numbers and dollar amounts may differ from those used.

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Rights Issue.

Before deciding to apply for New Shares, applicants should read this Prospectus in its entirety. An investment in the Company is considered as speculative and also has the risks associated with any investment in the sharemarket. The price of securities may rise or fall according to a number of factors. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek advice from your financial advisor, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

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INVESTMENT SUMMARY AND TIMETABLE

This Prospectus relates to an offer of New Shares in the Company under a 1 for 3 non-renounceable Rights Issue.

OFFER INFORMATION

The Company is undertaking an underwritten non-renounceable rights issue of 1 New Share at an issue price of 6 cents per New Share for every 3 Existing Shares held by a Shareholder on the Record Date.

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.

The Record Date for the purpose of the Rights Issue is the close of business on 29 December 2009. A personalised Entitlement and Acceptance Form accompanies this Prospectus for existing Shareholders.

Patersons Securities Limited has agreed to act as underwriter to the Rights Issue. A summary of the terms of the Underwriting Agreement is set out in Section 5.3. 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.

RIGHTS ISSUE TIMETABLE

Rights Issue Timetable Event	Date
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

Dates are subject to change and accordingly are indicative only.

1 Details Of The Rights Issue

1.1 Purpose of the Rights Issue

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.

Assuming that none of the options currently on issue are exercised before the Record Date, the Company will raise approximately \$3.59 million before expenses. It is intended that the proceeds of the Rights Issue will be applied as follows:

Purpose	\$
Expenses of the Rights Issue	300,000
Scotia Project (ongoing drill testing of the Saints Nickel Target) exploration expenditure	350,000
Wildara Project Group (drill testing of the Revolution - Horn Trend, Fly Bore - Hill Top Trend, Firefly, Sinclair Trend, and Yillaree North Targets) exploration expenditure	2,400,000
Additional exploration (reconnaissance and target generation on the West Kambalda, East Kimberley and Eloise Exploration Projects)	340,000
Corporate and administration	200,000
	3,590,000

Exploration expenditure will primarily comprise the costs associated with drill testing of the priority nickel targets (listed above) that have been developed by the Company over the last 12 months.

The allocation of funds towards specific projects may be reassessed as exploration programs are completed. Funds may be redirected between projects depending on exploration results.

If some or all of the options on issue are exercised before the Record Date, additional funds up to \$126,000 may be raised by the Offer. Each additional dollar raised will be directed towards exploration expenditure. Refer to Section 3.3.

The Rights Issue is a non-renounceable Rights Issue of 1 New Share for every 3 Existing Shares held by a Shareholder on the Record Date at an issue price of 6 cents per New Share. A total of 59,818,330 New Shares are to be issued pursuant to the Rights Issue to raise \$3.59 million, before issue expenses.

Fractional entitlements to New Shares will be rounded up to the nearest whole New Share.

The issue price for the New Shares is payable in full on application.

The timetable for the Rights Issue is set out on page 1.

1.1.1 Closing Date

The Closing Date for the purposes of the Rights Issue is the close of business on 22 January 2010. The number of New Shares to which a Shareholder is entitled is shown on the accompanying Entitlement and Acceptance Form. All acceptances and payments must be received by no later than 5.00pm Perth time on 22 January 2010.

1.1.2 Allotment and Dispatch of Shareholding Statements

No allotment of New Shares will be made pursuant to this Prospectus until proceeds of the Rights Issue have been received and permission is granted for the quotation of the New Shares on the ASX. It is expected that the allotment of New Shares will take place shortly after the close of the Rights Issue on 22 January 2010. Shareholder statements for New Shares will be dispatched upon completion of allotment.

1.1.3 ASX Quotation

The Company will make application to the ASX within 7 days following the date of this Prospectus for the official quotation of the New Shares.

Quotation, if granted, of the New Shares will commence as soon as practicable after statements of holdings for the New Shares are dispatched.

If approval for official quotation is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot or issue any New Shares and will repay all Application Monies (where applicable) within the time prescribed under the Corporations Act, without interest.

That the New Shares have been admitted to quotation on ASX is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.1.4 Overseas Shareholders

The Prospectus and Entitlement and Acceptance Form are being sent to Shareholders with registered addresses in Australia and New Zealand only. Entitlements of Shareholders with registered addresses outside these countries will be dealt with as set out in Section 5.9.

1.2 Ranking of New Shares

The New Shares will be fully paid, and upon issue will rank equally with Existing Shares. A summary of the rights attaching to the New Shares is set out in Section 5.1.

1.3 Market Prices of Shares

The lowest and highest market sale prices of Shares on the ASX during the three months immediately preceding the date of this Prospectus and the dates of those sales, were \$0.08 on 16 and 17 September 2009 and \$0.145 on 11 November 2009. The last sale price for Shares on the ASX prior to the date of this Prospectus was \$0.09 on 9 December 2009.

1.4 Underwriting

The Rights Issue is fully underwritten by Patersons Securities Limited. A summary of the terms of the underwriting agreement appears in Section 5.3.

1.5 Additional Shares

Any part of your entitlement under the Rights Issue not taken up will form part of the Shortfall and will revert to the Underwriter and be treated in accordance with the Underwriting Agreement.

The offer of Additional Shares is a separate offer pursuant to this Prospectus. The issue price of any Additional Shares shall be 6 cents, being the price at which the Rights Issue has been offered to Shareholders pursuant to this Prospectus.

If you wish to take up your entitlement under the Rights Issue in full and apply for Additional Shares, you should complete the accompanying Entitlement Acceptance Form indicating how many Additional Shares you wish to apply for and return it, together with payment for the full amount payable, so that it is received by no later than the Closing Date.

The Directors and the Underwriter reserve the right to allot and issue the Additional Shares at the discretion of the Underwriter in consultation with the Directors.

In accordance with the Underwriting Agreement, 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. Under the Shortfall Offer the Underwriter may allot applicants a lesser number of Additional Shares than the number for which the applicant applies or reject an application.

No interest will be paid by the Company for refunds on unsuccessful applications.

2 Actions Required by Shareholders

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may:

- take up your entitlement in full; or
- accept part of your entitlement and allow the balance to lapse; or
- allow your entitlement to lapse.

2.1 If you wish to accept your entitlement in full

If you wish to accept your entitlement in full, you must complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and return your completed form, together with a cheque for the amount shown on the form to reach the Registry by no later than 5.00pm Perth time on 22 January 2010.

2.2 If you wish to accept part of your entitlement and allow the balance to lapse

If you decide to accept part of your entitlement and allow the balance to lapse, you must complete the accompanying Entitlement and Acceptance Form for that part of your entitlement that you wish to accept and return the form, together with a cheque for the amount due in respect of the New Shares you intend to accept (being the number of New Shares you wish to accept multiplied by 6 cents) to reach the Registry by no later than 5.00pm Perth time on 22 January 2010.

2.3 Entitlements Not Taken Up

If you decide not to accept all or part of your entitlement to New Shares, your entitlement will lapse. The New Shares will be taken up by the Underwriter and you will receive no benefit.

2.4 Brokerage

No brokerage will be payable by you in respect of subscribing for New Shares in accordance with your entitlement.

2.5 Payment

Shareholders who wish to accept their entitlement under this Offer Document may pay by either BPAY®, cheque or bank draft. Each payment method is described in turn below.

2.5.1 Payment by BPAY®

If you wish to pay using BPAY®, there is no requirement for the Entitlement and Acceptance Form to be returned. You can simply make a payment for the number of New Shares (and any Additional Shares) using the Breakaway Biller Code and your personalised Reference Number which can be found on both sides of your Entitlement and Acceptance Form.

Instructions regarding making a payment by BPAY® are also set out on the Entitlement and Acceptance Form. You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that payment made by BPAY® must be received no later than 3.00pm Perth time on the Closing Date.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, please ensure you use the personalised Reference Number specific to that shareholding as set out on the Entitlement and Acceptance Form, if paying by BPAY®. Do not use the

same Reference Number for more than one of your shareholdings as this may result in your application monies being applied to your entitlement in respect of only one of your shareholdings and not all your shareholdings. Your remaining shareholdings will not be recognised as valid.

2.5.2 Payment by cheque/bank draft

If you do not wish to pay using BPAY®, your completed Entitlement and Acceptance Form must be accompanied by a cheque or bank draft in Australian dollars for the application monies, crossed "Not Negotiable" and made payable to Breakaway Resources Limited – Share Application and lodged on or before 5.00pm Perth time on the Closing Date at the Registry (by delivery or by post).

Please do not send cash. Receipts for payment will not be forwarded to Shareholders.

By post:

Computershare Investor Services Pty Ltd
Locked Bag 2508
PERTH WA 6001

By delivery:

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

2.6 Taxation Considerations

Shareholders should consult their own professional tax adviser in relation to the taxation implications of subscribing for New Shares under this Prospectus.

2.7 Enquiries

For further information, please contact the Registry at:

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

Phone: 1300 557 010
Fax: +61 8 9323 2033

Website: www.computershare.com.au

3 Financial Information

3.1 Overview

The New Shares issued pursuant to this Rights Issue will constitute 25% of the issued share capital of the Company immediately after the allocation of shares under the Rights Issue and will provide the Company with new capital of approximately, \$3,289,000 net of expenses (assuming the underwriting of the Rights Issue and the issue of New Shares under the Rights Issue becomes unconditional).

The new capital, together with existing cash reserves of approximately \$1,800,000, 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.

3.2 Effect of the New Shares on the Share Capital of the Company

At the date of the Prospectus, the Company has on issue:

- (a) 179,454,988 Shares; and
- (b) 2,100,000 options.

Upon completion of the Rights Issue, the Company will have the following Shares and options on issue (assuming none of the options are exercised before the Record Date):

- (a) 239,273,318 Shares; and
- (b) 2,100,000 options.

3.3 Effect of the Rights Issue on the Holders of Options

In order to take part in the Rights Issue, options must first be exercised. Of the 2,100,000 options currently on issue, all are presently exercisable. However, because of the exercise prices of the options, the Company does not expect that any options will be exercised before the Record Date.

If all options on issue are exercised and the consequent entitlements under this Rights Issue are taken up, the Company will have 241,373,318 Shares on issue.

3.4 Impact on Control

3.4.1 Norilsk

As at the date of this Prospectus, the relevant interest of Norilsk Nickel Australia Pty Ltd (“**Norilsk**”) in the Company is 18.61%.

As at the date of this Prospectus, Norilsk has not made a decision whether or not it will take up any or all of its entitlement under the Rights Issue.

If Norilsk takes up all of its entitlement under the Rights Issue, it will maintain a relevant interest in the Company of 18.61%.

If Norilsk does not take up any of its entitlement under the Rights Issue, its relevant interest in the Company will dilute to 13.96%.

3.4.2 FMR

As at the date of this Prospectus, the relevant interest of FMR Investments Pty Limited (“**FMR**”) in the Company is 10.31%.

As at the date of this Prospectus, FMR has not made a decision whether or not it will take up any or all of its entitlement under the Rights Issue.

If FMR takes up all of its entitlement under the Rights Issue, it will maintain a relevant interest in the Company of 10.31%.

If FMR does not take up any of its entitlement under the Rights Issue, its relevant interest in the Company will dilute to 7.73%.

3.5 Pro-forma Balance Sheet

The pro-forma balance sheet set out below reflects the impact of the capital raised by the issue of New Shares on the Company’s balance sheet as at 31 October 2009 as if the capital raising had occurred at

that date and assuming no options currently on issue are exercised. The balance sheet has not been reviewed by the Company's auditors.

CONSOLIDATED PRO FORMA BALANCE SHEET

AS AT 31 OCTOBER 2009

	Unaudited 31-Oct-09 \$	Pro-forma Unaudited 31-Oct-09 \$
CURRENT ASSETS		
Cash and cash equivalents	1,848,756	5,138,240
Trade and other receivables	39,711	39,711
Prepayments	33,923	33,923
TOTAL CURRENT ASSETS	1,922,390	5,211,874
NON CURRENT ASSETS		
Trade and other receivables	227,160	227,160
Property, plant and equipment	554,456	554,456
Exploration, evaluation and development expenditure	32,688,443	32,688,443
Available for sale financial assets	225,462	225,462
Deferred tax assets	9,660,042	9,660,042
TOTAL NON CURRENT ASSETS	43,355,563	43,355,563
TOTAL ASSETS	45,277,953	48,567,437
CURRENT LIABILITIES		
Trade and other payables	159,813	159,813

Loans and borrowings	7,872	7,872
Provisions	64,624	64,624
TOTAL CURRENT LIABILITIES	232,309	232,309
NON-CURRENT LIABILITIES		
Convertible Note (Liability)	8,704,506	8,704,506
Provisions	626,368	626,368
Deferred tax liability	9,660,042	9,660,042
TOTAL NON-CURRENT LIABILITIES	18,990,916	18,990,916
TOTAL LIABILITIES	19,223,225	19,223,225
NET ASSETS	26,054,728	29,344,212
EQUITY		
Issued capital	79,290,342	82,579,826
Convertible Note	2,730,972	2,730,972
Reserves	721,674	721,674
Accumulated losses	(56,688,260)	(56,688,260)
TOTAL EQUITY	26,054,728	29,344,212

Set out above for illustrative purposes is the unaudited Balance Sheet as at 31 October 2009 and a Pro forma Balance Sheet as at 31 October 2009 including the effect of the Offer assuming that:

- (a) the issue of 59,818,330 New Shares offered pursuant to the Entitlement Offer at 6.0 (six) cents each to raise \$ 3,589,100 has been completed; and
- (b) the issue costs of the Entitlement Offer are \$ 299,616.

The Company has \$9 million of Convertible Notes held by Norilsk. The terms of the Converting Notes are as follows:

- (a) the Convertible Notes are interest free;
- (b) the Convertible Notes convert at 40¢ per share before 18 August 2011;
- (c) the Convertible Notes may be redeemed by the Company at any time; and
- (d) the Convertible Notes automatically convert on the maturity date by the Company either electing to the payment of cash or the conversion into Shares at 12.5¢ per share.

4 Risk Factors

4.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Shareholders should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Shareholders should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for New Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware.

4.2 General Risk Factors

(a) Sovereign Risk

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the Company's operations.

(b) General Exploration and Mining Risks

The future viability and profitability of the Company as an exploration and mining company will be dependent on a number of factors, including, but not limited to, the following:

- commodity prices and exchange rates;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations and competent management;
- risks associated with obtaining the grant of any mining tenements which are applications or renewal of tenements upon expiry of their current term;

- risks arising because of native title and aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company;
- the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- heritage and environmental management issues with which the Company may be required to comply from time to time;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- unforeseen major failures, breakdowns or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- ability to source and contract drilling rigs and other key items of mining plant and equipment or mine structure resulting in delays and costs of such delays which will impact the timing of the Company's exploration programs and impact the Company's budget; and
- industrial disputation in Australia and overseas.

(c) Risks Regarding Exploration, Mining and Contracting Parties

Mining and exploration are high risk endeavours with the potential for high returns.

Exploration for minerals is costly and involves exacting techniques which must be applied over extended periods of time. The Company's projects are at an exploration stage and the Company cannot foresee whether the planned exploration programs will generate positive results. Furthermore, there is no guarantee that the Company's exploration activities will succeed in the discovery of a commercially viable ore deposit.

Mining risks include the uncertainties associated with projected continuity of an ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems.

The cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient development capital, poses another form of risk.

If exploration or mining program prove to be unsuccessful, this could result in a diminution of the value of the tenements which could have a negative impact on the Company's share price. In the event that program yield negative results, tenements may be relinquished either in total or in part thereof and/or the Company may withdraw from a joint venture or not exercise its option to acquire equity, even though a viable mineral deposit may be present, but undiscovered.

The Company may also be exposed to risks associated with the finances or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party. The Company may also be exposed to risks associated with the insolvency or other managerial failure by any of the contractors used by the Company in its activities.

(d) Native Title and Land Access

The *Native Title Act 1993* (Cth) may affect the Company's ability to gain access to prospective exploration areas or obtain production titles in Australia. Compensatory obligations may be necessary in settling native title claims lodged over the Company's tenements.

(e) Tenement/Claim Title

Certain of the tenements/claims referred to in this Prospectus are applications awaiting grant and are not granted licences or claims. There is a risk that these applications will not be granted.

In addition, continuing title to tenements/claims is conditional on the Company meeting the requirements under which the tenement/claim title is granted and failure to meet those requirements places the Company's on-going rights to that title and therefore the tenement/claim at risk.

(f) Aboriginal Sites of Significance

Commonwealth and State legislation in Australia allow for the protection of sites of significance to Aboriginal custom and tradition. The Company proposes to carry out "clearance surveys" prior to conducting any exploration work that would cause a disturbance to the land surface. The Company's Australian tenements are likely to contain some such sites of significance which would need to be avoided when carrying out field programs. It is possible that such areas where sacred sites exist may contain mineralisation or an economic resource which would therefore remain unexploited.

(g) Environmental Risk

The Company's projects are subject to Australian laws and regulations regarding environmental matters, which means there are potential liability risks. The Company proposes to operate fully in accordance with applicable laws and conduct its programmes in a responsible manner with regards to the environment.

(h) Development Capital and Future Funding

Exploration and mining costs will reduce the cash reserves of the Company, which may not be replaced through the Company's proposed mining operations, should these prove unsuccessful or perform below the expected acceptable base levels. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects.

(i) Sharemarket Conditions

The price of the Company's Shares, when quoted on the ASX will be influenced by international and domestic factors. Should these produce a negative effect on the Shares, this may also affect the Company's ability to raise development capital.

(j) Commodity Price and Demand, and Exchange Rates

The demand for, and price of commodities is highly dependant on a variety of factors, including the international supply and demand of the commodities, actions taken by governments, global economic and political developments and exchange rates.

(k) General Economic Factors and Investment Risks

General economic conditions in Australia and its major trading partners may affect inflation and interest rates, which in turn may impact upon the Company's operating costs and financing. Other factors that may adversely affect the Company's activities in Australia or

overseas include changes in government policies, natural disasters, industrial disputes, social unrest or war on a local or global scale and the strength of the equity and share markets in Australia and throughout the world.

4.3 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to take up their entitlement.

5 Additional Information

5.1 Rights Attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Shares. The rights and liabilities attaching to the Shares are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ACH Clearing Rules, the ASTC Settlement Rules and the common law.

A summary of the principal rights and liabilities attaching to the Shares is set out below. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, that Shareholder should seek independent legal advice.

5.1.2 Voting Rights

At a general meeting, on a show of hands every Member present in person or by proxy, attorney or representative, has one vote. At the taking of a poll, every Member present in person and whose Securities are fully paid has one vote for each of his or her security. On a poll, the holder of a partly paid Security has a fraction of a vote with respect to the Security. The fraction is equivalent to the proportion which the amount paid up (not credited) on the Security bears to the total amounts paid and payable (excluding amounts credited).

5.1.3 Dividend Rights

The Company may pay to Members any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Members in proportion to the number of Securities held but where Securities are partly paid all dividends must be apportioned and paid proportionately to the amounts paid (not credited) on the Securities.

5.1.4 Rights on Winding-Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among Members all or any of the property of the Company, and for that purpose the liquidator may determine how he or she will carry out the division between the Members or different classes of Members. This is subject to any preferential rights attaching to any particular class or classes of shares.

5.1.5 Transfer of Shares

Generally, all Securities in the Company are freely transferable subject to the procedural requirements of the Constitution and to the provisions of the Corporations Act, the ASX Listing Rules and the ASTC Settlement Rules. The Directors may decline to register an instrument of transfer received where refusal is permitted under the ASX Listing Rules. If the Directors decline to register a transfer, the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the ASX Listing Rules.

5.1.6 Variation of Rights

The Company may only modify or vary the rights attaching to any class of Securities with the prior approval by a special resolution of the holders of Securities in that class at a meeting of those holders, or with the written consent of the holders of 75% of the Securities of that class.

5.1.7 Directors

The minimum number of Directors is three and the maximum is twelve unless the Company in a general meeting determines otherwise. The Directors must retire on a rotational basis with one-third of Directors having to retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

5.1.8 Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairperson has a casting vote. Where only two directors are present or qualified to vote and there is an equality of votes, the Chairperson will not have a casting vote and the proposed resolution is taken as having been lost.

5.1.9 Issue of Further Shares

Subject to the Company's Constitution, the Corporations Act and the ASX Listing Rules, the Directors may issue, or grant options in respect of, or otherwise dispose of, Securities to such persons on such terms as they think fit. In particular, the Directors may differentiate between the holders of partly paid Securities as to the amount of calls to be paid and the time for payment. The Directors may issue preference Securities, including redeemable preference Securities.

5.1.10 Officers' Indemnity

To the full extent permitted by the law and to the extent not covered by insurance, the Company must indemnify each officer of the Company against any losses or liabilities incurred by the person as an officer of the Company, including reasonable costs and expenses incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Corporations Act in respect to such proceedings.

5.1.11 Alteration to the Breakaway Resources Limited Constitution

The Company's Constitution can only be amended by a special resolution passed by at least 75% of ordinary shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

5.1.12 General Meetings

Each Member is entitled to receive notice of, and to attend and vote at general meetings of the Company, and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution and the Corporations Act. At least 28 days notice of a meeting must be given to Shareholders.

5.2 Continuous Reporting and Disclosure Obligations

This Prospectus is issued pursuant to Section 713 of the Corporations Act 2001 as a prospectus for the offer of continuously quoted securities.

The Company is a disclosing entity for the purposes of the Corporations Act 2001 and as such is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require immediate disclosure to ASX of any information concerning the Company which the Company is or becomes aware of that a reasonable person would expect to have a material effect on the price or value of its Shares.

Normally a prospectus for the issue of securities of a company must contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of each of the following:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the company that is to issue the securities; and
- (b) the rights and liabilities attaching to the securities offered.

However, in reliance upon section 713 of the Corporations Act 2001, this Prospectus does not comply with this general disclosure test. Under section 713 the disclosure test applicable to any company offering securities, or options to acquire securities, in a class of securities that has been quoted on the ASX at all times in the 12 months before the date of the prospectus is a lower level of disclosure.

The lower level of disclosure, which applies to this Prospectus, is that the Prospectus must contain all the information investors and their professional advisers would reasonably require to make an informed assessment of:

- (a) the effect of the offer on the Company; and
- (b) the rights and liabilities attaching to the securities offered.

While the Company is not required under section 713 to do so, it has included certain information for the benefit of investors in this Prospectus which addresses some, but not all, aspects of the general disclosure test. Some of the information in this Prospectus has previously been notified by the Company to the ASX.

The ASX maintains detailed records of company announcements for all companies listed on the ASX. Copies of announcements made by the Company may be obtained from the ASX.

ASIC also maintains records in respect of documents lodged with it by the Company. Copies of documents lodged with ASIC may be obtained from or inspected at an ASIC office.

The Company will provide free of charge to any person who requests it during the application period under this Prospectus a copy of:

- (a) the Company's annual financial report for the year ended 30 June 2009;
- (b) documents released to the ASX pursuant to the Company's continuous disclosure obligations under the ASX Listing Rules and Section 1001A(1) of the Corporations Act 2001 since the lodgement of financial statements referred to in (a) above. The following is a list of these releases:

Date Lodged	Description
18/9/2009	Full Year Statutory Accounts

21/09/2009	Change of Company Address
21/09/2009	Company Secretary Appointment / Resignation
25/09/2009	Presentation by David Hutton, CEO at Risking Stars Conference
20/10/2009	Notice of Annual General Meeting / Proxy Form
20/10/2009	2009 Annual Report to Shareholders
21/10/2009	Breakaway to Recommence Nickel Drilling at Scotia Project
29/10/2009	Notice: Ceasing to be a substantial shareholder
30/10/2009	Quarterly Activities Report
30/10/2009	Quarterly Cashflow Report
30/10/2009	Presentation by David Hutton, CEO at Mining 2009 Conference
4/11/2009	Breakaway Commences Nickel Exploration Drilling
10/11/2009	Response to Recent Press Commentary
11/11/2009	Breakaway Secures A\$10M Altia Joint Venture
13/11/2009	Response to ASX Query
20/11/2009	CEO's Presentation at Annual General Meeting
20/11/2009	Chairman's Address at Annual General Meeting
20/11/2009	Annual General Meeting Results
24/11/2009	Final Director's Interest Notice
10/12/2009	Trading Halt
14/12/2009	Suspension from Official Quotation

5.3 Underwriting Agreement and arrangements

Pursuant to an Underwriting Agreement dated 15 December 2009 between the Company and Patersons Securities Limited (“**Underwriter**”), the Underwriter has agreed to underwrite all of the Rights Issue pursuant to this Prospectus.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter a corporate advisory fee of \$25,000 and an underwriting fee equal to 6% of the aggregate amount underwritten under the Rights Issue. In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs incurred by the Underwriter in connection with the Rights Issue, including fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligation thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events including:

- (a) **(Indices fall)**: any of the All Ordinaries Index or the Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement; or
- (b) **(Prospectus)**: the Company does not lodge the Prospectus on the “Lodgement Date” set out in the Underwriting Agreement or the Prospectus or Offer is withdrawn; or
- (c) **(No Official Quotation)**: Official Quotation has not been granted by the “Shortfall Notice Deadline Date” or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (d) **(Supplementary prospectus)**:
 - (i) the Underwriter, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by section 713 (or sections 710, 711 and 716) of the Corporations Act; or
- (f) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or is misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) **(Restriction on allotment)**: the Company is prevented from allotting the Shares under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (h) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be names in the Prospectus, withdraws that consent; or
- (i) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the “Shortfall Notice Deadline Date” has arrived, and that application has not been dismissed or withdrawn;
- (j) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (k) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (l) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union; or

- (m) **(Authorisation)**: any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (n) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence; or
- (o) **(Sub-underwriters)**: any of the Company Sub-Underwriters that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements; or
- (p) **(Termination Events)**: any of the following events occurs, provided that these events, in the Underwriter's reasonable opinion, have a materially adverse effect or could give rise to a liability of the Underwriter:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes materially untrue or incorrect; or
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX and, if capable of remedy, is not remedied within 2 Business Days; or
 - (iv) **(Adverse change)**: an event occurs which gives rise to a "Material Adverse Effect" or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
 - (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the material provided by the Company to verify the Prospectus was false, misleading or deceptive or that there was a material omission from them; or
 - (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
 - (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Rights Issue or the affairs of the Company or any of its Subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive; or
 - (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than conditional on the allotment of the Shares; or
 - (x) **(Suspension of debt payments)**: the Company suspends payment of its debts generally; or
 - (xi) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries; or
 - (xii) **(Judgement against a Company or subsidiary)**: a judgement in an amount exceeding \$50,000 is obtained against the Company or any subsidiary of the Company and is not set aside or satisfied within 7 days; or

- (xiii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any subsidiary of the Company, other than any claims foreshadowed in the Prospectus; or
 - (xiv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; or
 - (xv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any subsidiary of the Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any subsidiary of the Company; or
 - (xvi) **(Indicative Timetable)**: there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than 5 business days; or
 - (xvii) **(Force Majeure)**: an act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
 - (xviii) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
 - (xix) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus; or
 - (xx) **(Breach of Material Contracts)**: any material contract is terminated or substantially modified; or
 - (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries; or
 - (xxii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
 - (xxiii) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.
- (q) The Underwriter may also terminate the Underwriting Agreement if any of the following events occur:
- (i) the Company or any of its subsidiaries converting all or any of its shares into a larger or smaller number of shares;
 - (ii) the Company or any of its subsidiaries resolving to reduce its share capital in any way;
 - (iii) the Company or any of its subsidiaries:
 - (A) entering into a buy-back agreement or;
 - (B) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
 - (iv) the Company or any of its subsidiaries making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an

issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;

- (v) the Company or any of its subsidiaries issuing, or agreeing to issue, convertible notes;
- (vi) the Company or any of its subsidiaries disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property other than as contemplated by the Prospectus or within the ordinary course of business;
- (vii) the Company or any of its subsidiaries charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (viii) the Company or any of its subsidiaries resolving that it be wound up;
- (ix) the appointment of a liquidator or provisional liquidator to the Company or any of its subsidiaries;
- (x) the making of an order by a court for the winding up of the Company or any of its subsidiaries;
- (xi) an administrator of the Company or any of its subsidiaries, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) the Company or any of its subsidiaries executing a deed of company arrangement; or
- (xiii) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company or any of its subsidiaries.

5.4 Related Party Transactions

Other than as disclosed elsewhere in this Prospectus, the Company is not a party to any agreement that would be considered a related party transaction.

5.5 Litigation and Material Disputes

As at the date of this Prospectus, the Company is not involved in any material legal or administrative proceedings and the Directors are not aware of any claim or threatened claim against the Company which may result in material legal proceedings.

Native Title claims have been made in respect of areas that include tenements controlled by the Company. The Company is unable to determine the likelihood of these claims being successful.

5.6 Interests of Directors

Directors' shares

At the date of this Prospectus the Directors have the following relevant interests in Shares:

Name	Number of Shares
John Atkins	200,000
Jon Young	1,598,003
Jeffrey Gresham	115,000

At the date of this Prospectus, the Directors hold no options for Shares in the Company.

Directors' remuneration

Details of the remuneration paid to Directors by the Company during the last 2 years are as follows:

Name	Salaries & Fees	Superannuation Benefits	Total Remuneration
John Atkins			
2008	-	70,849	70,849
2009	66,500	5,985	72,485
Jon Young			
2008	-	46,322	46,322
2009	-	46,598	46,598
Jeffrey Gresham			
2008	34,999	11,323	46,322
2009	42,750	3,848	46,598

5.7 Interests of Advisers

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, do not have, and have not had in the two years before the date of this Prospectus, any interests in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue,

and, other than as set out below or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid and no other benefit has been given or agreed to be given to any persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, in connection with the formation or promotion of the Company or the Rights Issue.

Johnson Winter & Slattery has acted as legal adviser to the Company in relation to the Rights Issue. Their fees for this work up to the date of lodgement of this Prospectus will be approximately \$23,000. Johnson Winter & Slattery receives further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

5.8 Consents

Patersons Securities Limited has given, and at the time of lodgement of this Prospectus with ASIC, has not withdrawn, its consent to be named in this Prospectus as Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named.

Johnson Winter & Slattery has given and, at the time of lodging this Prospectus with ASIC, has not withdrawn, its written consent to be named in this Prospectus as legal adviser to the Company in relation to the Rights Issue in the form and context in which it is named.

Computershare Investor Services Pty Ltd has given and, at the time of lodging of this Prospectus with ASIC, has not withdrawn, its consent to be named in this Prospectus as Share Registry for the Company in the form and context in which it is named.

Each of Patersons Securities Limited, Johnson Winter & Slattery and Computershare Investor Services Pty Ltd jointly and severally:

- have not authorised or caused the issue of this Prospectus;
- makes no express or implied representation or warranty in relation to the Company, this Prospectus or the offer;
- do not make or purport to make, any statement in this Prospectus, or any statement in which a statement in this Prospectus is based, other than as specified above; and
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than the reference to their name or as otherwise specified above.

Computershare Investor Services Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registry to the Company.

5.9 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 make the Rights Issue to other overseas Shareholders (ie. those without registered addresses in Australia and New Zealand) (“**Overseas Shareholders**”) having regard to:

- (a) the number of overseas Shareholders;
- (b) the number and value of New Shares to be offered to overseas Shareholders; and
- (c) the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer, other than for Shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to overseas Shareholders. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia and New Zealand and where that country’s securities code and legislation prohibits or restricts in any way the making of the offers contemplated by this Prospectus, the Prospectus is provided for information purposes only.

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Rights Issue does not breach regulations in the relevant overseas jurisdiction.

Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of such regulations.

The Offer contained in this Prospectus to Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

5.10 Privacy Notification

By filling out the Entitlement and Acceptance Form to apply for New Shares, you are providing personal information to the Company.

The Privacy Act 1988 (Cth) regulates the way the Company collects, uses, disposes, keeps secure and gives people access to their personal information.

The Company collects, holds and uses that personal information in order to process your application and to administer your shareholding in the Company, including:

- setting up and maintaining a register of shareholders in accordance with the Corporations Act;
- paying dividends to you should the Company at a later date declare a dividend;
- communicating with shareholders, including sending annual reports, notices of meetings and any other documents which the Company wishes to send to you as a shareholder;
- carrying out general administration including monitoring, auditing, evaluation, modelling data, dealing with complaints and answering queries; and
- complying with its legal and regulatory obligations.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company may not be able to process or accept your application for New Shares.

Your personal information may be provided to the Company's agents or service providers.

The types of agents and service providers that may be provided with your personal information include:

- the Share Registry for ongoing administration of the share register;
- printers and mail houses for the purposes of preparation and distribution of documents to you and for handling mail; and
- professional service providers such as lawyers, accountants, auditors and other professional advisers for the purpose of administering, and advising on, the New Shares and for any associated actions.

Your personal information may be provided to certain third parties. The types of third parties that may be provided with your personal information, and the circumstances in which your personal information may be disclosed, include:

- your financial adviser or broker (other than your tax file number information) in connection with services provided to you by your adviser or broker;
- government, regulatory authorities or other people when permitted or required by law, such as ASIC or people inspecting the share register in accordance with the Corporations Act;
- ASX; and
- in certain circumstances and with safeguards to respect your privacy, potential or actual purchasers of an interest in the Company or the Company's business or any part thereof.

You have the right to gain access to your personal information held by, or on behalf of, the Company, subject to certain exemptions under the law. You may be required to pay a reasonable charge in order to access your personal information. You can request access to your personal information by telephoning or writing to the Company Secretary as follows:

Breakaway Resources Limited
Level 2, 23 Ventnor Avenue
West Perth WA 6005
Tel: +61 8 9278 6444
Fax: +61 8 9278 6449

5.11 Directors' Authorisation

All Directors have consented to the lodgement and issue of this Prospectus, and have not withdrawn that consent prior to lodgement of this Prospectus.

John Atkins has signed this Prospectus in accordance with a resolution of the Directors.



.....
John Atkins
Chairman

6 Glossary

Additional Shares means Shares forming part of the Shortfall for which Shareholders may apply for under the Shortfall Offer.

ASIC means Australian Securities & Investments Commission.

ASX means Australian Securities Exchange Limited ACN 008 624 691.

ASX Listing Rules means the official listing rules of ASX from time to time.

Board means the Company's board of directors.

Closing Date means the closing date of the Rights Issue, being 22 January 2010, unless varied.

Company means Breakaway Resources Limited ABN 16 061 595 051.

Directors means the directors of the Company from time to time.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus as sent to Shareholders, which carries with it an entitlement to subscribe for New Shares.

Existing Shares means the Shares on issue at the Record Date.

New Shares means the Shares offered by way of the Rights Issue under this Prospectus.

Overseas Shareholders is defined in section 5.9.

Prospectus means this prospectus and the accompanying Entitlement and Acceptance Form for the Rights Issue.

Record Date means the record date for the Rights Issue, being the close of business on 29 December 2009.

Registry means Computershare Investor Services Pty Ltd.

Rights means the right to subscribe for New Shares under this Prospectus.

Rights Issue means the non-renounceable rights issue under this Prospectus, comprising the offer of 1 New Share for every 3 Existing Shares held by a Shareholder at the Record Date at an issue price of 6 cents per New Share.

Shareholder means a holder of Shares.

Shares means a fully paid ordinary share in the capital of the Company.

Shortfall means those Shares under the Rights Issue not applied for by Shareholders.

Shortfall Offer means the offer to Shareholders for Additional Shares described in Section 1.5.

Underwriter means Patersons Securities Limited.

CORPORATE DIRECTORY

Registered Office

Breakaway Resources Limited
Level 2
23 Ventnor Avenue
WEST PERTH WA 6005

Tel: +61 8 9278 6444
Fax: +61 8 9278 6449

Directors

Chairman

Mr John Atkins

Non-Executive Directors

Mr Jeffrey Gresham
Mr Jon Young

Chief Executive Officer

Mr David Hutton

Company Secretary

Mr Simon Storm

Underwriter

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Legal Advisers

Johnson Winter Slattery
London House
Level 1, 216 St Georges Terrace
PERTH WA 6000

Auditors

PKF Chartered Accountants & Business Advisers
Level 7, BGC Centre
28 The Esplanade
PERTH WA 6000

Registry

Computershare Investor Services Pty Ltd,
Level 2, 45 St Georges Terrace,
Perth WA 6000

Phone: 1300 557 010
Fax: +61 8 9323 2033

Website: www.computershare.com.au