



ISSUE OF PROSPECTUS

9 December 2004

The Board of Breakaway Resources Limited (ASX: BRW) advise that the attached transaction specific prospectus for the \$2 million placement was lodged with the ASIC on 9 December 2004.

Yours faithfully

MICHAEL MULRONEY

Managing Director

For further information regarding the Company or this announcement please contact Michael Mulroney on +61 (08) 9315 6444.

ABN: 16 061 595 051

Registered Address: Level 1, Pinnacle House, 16 Ogilvie Road, Mt Pleasant WA 6153

Postal Address: Locked Bag 4, Canning Bridge WA 6153

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BREAKAWAY RESOURCES LIMITED
ABN 16 061 595 051



PLACEMENT PROSPECTUS

For a Placement of up to 52,631,578 Placement Shares at \$0.038 each
to raise up to \$2,000,000 if fully subscribed

Applications Closing Date

16 December 2004

9 DECEMBER 2004

IMPORTANT INFORMATION

This document is important and should be read in its entirety.
If after reading this Prospectus you have any questions about the Placement Shares
being offered under this Prospectus or any other matter, then you should consult
your professional adviser.

The Placement Shares offered by this Prospectus should be considered as
speculative.

CORPORATE DIRECTORY

Registered and Principal Office

Level 1, Pinnacle House
16 Ogilvie Road
Mt Pleasant WA 6153
Telephone: (08) 9315 6444
Facsimile: (08) 9315 6449
Email: admin@breakawayresources.com.au
Website: www.breakawayresources.com.au

Directors

Jon Young - Non Executive Chairman
Michael Mulronev - Managing Director
Garry Connell - Non Executive Director
Peter Buck - Non Executive Director

Legal Advisers

Wright Legal
Level 1
103 Colin Street
West Perth WA 6005

Stock Exchange Listing *

Breakaway Resources Limited is listed on ASX.
Home Branch: Perth
ASX Code: BRW

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
Website: www.cshare.com.au

Manager to the Placement

Siafu Securities Pty Ltd
Level 29, Allendale Square
77 St Georges Terrace
Perth, WA 6000
Website: www.siafusecurities.com

Auditors¹ *

PKF Chartered Accountants
Level 7, BGC Centre, 28 The Esplanade
Perth WA 6000

Company Secretary

Grant Mooney

* *These entities are included for information purposes only and have not consented to be named in this Prospectus.*

¹. *PKF Chartered Accountants were approved as auditors of the company at the shareholders meeting on 25 November 2004.*

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SECTION 1 IMPORTANT INFORMATION

This Prospectus is dated 9 December 2004. A copy of this Prospectus was lodged with the ASIC on 9 December 2004. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at www.breakawayresources.com.au. The Placement is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to a paper copy of the Prospectus or accompanied by a complete and unaltered version of this Prospectus. Prior to the Closing Date, any person may obtain a paper copy of this Prospectus free of charge by contacting Breakaway Resources Limited.

An application for Placement Shares will only be accepted on the Application Form accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No Applicant will be entitled to subscribe for more Placement Shares than which would cause that Applicant's relevant interest in the expanded issued capital of the Company to exceed 19.9%.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus.

This Prospectus is a short form prospectus issued in accordance with section 713 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, in preparing this Prospectus, regard is made to the Company's status as a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

Key Dates

Event	Indicative Date
❖ Lodgement of this Prospectus with ASIC and ASX	Thursday 9 December 2004
❖ Closing Date for receipt of applications under the Placement *	Thursday 16 December 2004
❖ Allot and issue Placement Shares *	Tuesday 21 December 2004
❖ Dispatch date of Holding Statements *	Friday 24 December 2004

* These dates are indicative only and the Directors reserve the right to change the above dates without notice.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and these are set out in Section 7 of this Prospectus.

SECTION 2 DETAILS OF THE PLACEMENT

1. IMPORTANT NOTE

This Section 2 of the Prospectus is not intended to provide full information for those intending to apply for the Placement Shares. This Prospectus should be read and considered in its entirety.

2. THE PLACEMENT

Pursuant to this Prospectus, the Company invites investors to subscribe for up to 52,631,578 Placement Shares at an issue price of \$0.038 each to raise up to \$2,000,000 (less expenses estimated to be \$116,000 in the event that the full amount is raised).

The Placement is not underwritten.

All Placement Shares issued on the basis of this Prospectus will rank equally in all respects with all existing issued Shares. Please refer to Section 5 of this Prospectus for a summary of the rights and liabilities attaching to the Placement Shares.

3. NO SHAREHOLDER APPROVAL IS REQUIRED

The Placement will be within 15% of new securities permitted by ASX Listing Rule 7.1 so shareholder approval is not required to the issue of Placement Shares.

4. MINIMUM SUBSCRIPTION

The minimum level of subscription pursuant to the Placement is 39,473,684 Placement Shares at \$0.038 each to raise \$1,500,000 (before costs).

No Placement Shares will be allotted by the Company until the minimum subscription has been reached. If the minimum subscription is not achieved within four (4) months of the date of this Prospectus, the Company will not allot or issue any Placement Shares and will repay all application monies as soon as practicable, without interest.

5. APPLICATIONS

An application for Placement Shares can only be made on the Application Form which accompanies a copy of this Prospectus.

Applications must be for a minimum of 52,632 Placement Shares and thereafter in multiples of 13,158 Placement Shares. Cheques should be in Australian currency and made payable to *"Breakaway Resources Limited – Share Application Account"* and crossed *"not negotiable"*.

Completed Application Forms must be accompanied by the application monies and lodged in person or by post to the Manager to the Placement.

Application Forms	
Delivered to:	Or by post to:
Siafu Securities Pty Ltd Level 29 Allendale Square 77 St Georges Terrace PERTH WA 6000	Siafu Securities Pty Ltd GPO Box 2553 PERTH WA 6001

Application Forms must be completed in accordance with the instructions set out on the back of the Application Form.

Application Forms must be received by no later than 5.00 pm WST on Thursday, 16 December 2004 (subject to the right of the Directors to close the Placement earlier or to extend this date without notice).

Should you wish to apply for Placement Shares, the instructions on the back of the Application Form will assist you to ensure that the Application Form is completed correctly.

The Company reserves the right not to accept an Application Form from a person if the Company has reason to believe when the person was given access to the Application Form, the person was not provided with an entire copy of the Prospectus and any relevant supplementary or replacement material or any of those documents were incomplete or unaltered. In such case, any application monies received will be dealt with in accordance with section 722 of the Corporations Act.

6. ALLOTMENT

Allotment of the Placement Shares pursuant to the Prospectus will not be made unless and until the minimum subscription is reached.

It is the responsibility of Applicants to determine their allocation prior to trading in Placement Shares. Applicants who sell their Placement Shares before they receive their holding statement do so at their own risk.

The Company reserves the right to reject any application or to allocate to any Applicant a lesser number of Placement Shares than those applied for. Where the number of Placement Shares is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the issue and allotment of Placement Shares pursuant to this Prospectus or the refund of application monies, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on such bank account and each Applicant waives the right to claim any such interest.

A completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable application for the number of Placement Shares specified in the Application Form. The Application Form does not need to be signed to be a binding application.

If the Application Form is not completed correctly, or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application. The Directors' decision whether to treat the application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Placement Shares than is indicated by the amount of the cheque for the application monies.

7. PURPOSE OF THE PLACEMENT

The purpose of the Placement is to raise up to \$2,000,000 (before costs) that will be used principally for:

- ❖ Funding continuing nickel exploration at Kambalda West Project including resource extension drilling at Spargoville, first phase drilling at Kemble and Spargos Reward.
- ❖ Resource extension drilling as part of the Bannockburn Gold Project scoping study.
- ❖ Continued funding of Breakaway's 30% equity in the Bannockburn Nickel and Base Metal Joint Venture with Jubilee Mines NL.
- ❖ Ongoing participation in the Miranda Joint Venture with 60% Joint Venture partner Gold Fields subsidiary Agnew Gold Mining Company Pty Ltd.
- ❖ Undertaking geophysical programs on selected targets at Eloise in Queensland.
- ❖ Additional working capital.

8. USE OF FUNDS

The proceeds of the Placement will be applied for the following:

Purpose	Fully Subscribed Scenario (\$)	Minimum Subscription Scenario (\$)
Kambalda West	500,000	300,000
Bannockburn Gold	400,000	300,000
Bannockburn Nickel and Base Metal Joint Venture	300,000	300,000
Miranda Joint Venture	300,000	300,000
Eloise	100,000	100,000
Working Capital	284,000*	109,000*
Net Funds	1,884,000	1,409,000

* Net of placement costs – see paragraph 6 of Section 6.

Notes:

In the event that the Placement is not fully subscribed, then the Company will apply funds raised in excess of the minimum subscription firstly to costs of the Placement (refer to Section 6 "Additional Information") but subject to reduced management fees and placement fees, then towards drilling on the Company's projects.

Should the Placement not proceed or should less than the full subscription be raised pursuant to this Placement, the Company has sufficient working capital to meet its current statutory expenditure requirements, general administrative expenditure and debts.

9. MANAGER TO THE PLACEMENT

Siafu Securities will act as Manager to the Placement and will receive a management fee of 1% (plus GST) of the total amount raised under the Placement.

10. BROKERAGE AND PLACEMENT FEES

The Company will pay a capital raising fee of 4% (plus GST) of the amount subscribed (and accepted by the Company) to the Manager of the Placement who will, in its full discretion, then distribute all or part of this fee to any holders of financial services licences in respect of Application Forms bearing the stamp of such licensees where such prior arrangements are made with the Manager to the Placement.

No brokerage or stamp duty will be payable by Applicants subscribing for Placement Shares.

11. TAXATION IMPLICATIONS

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Placement Shares under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants in the Placement. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Placement.

12. TAX FILE NUMBER

An Applicant is not obliged to quote their Tax File Number (“TFN”). However, in cases where no TFN is quoted the Company must deduct tax from any dividends payable (to the extent that they are not franked) at the top personal marginal tax rate plus Medicare levy. There are special rules to the non-quotation of TFN’s applying to different categories of Applicants such as non-residents, tax exempt bodies, joint holders and others. Applications by individuals, companies, partnerships and trustees, amongst others, are largely unaffected by any special rules and there may quote at TFN by completing the TFN details on the Application Form. This is not an exhaustive statement of the law relating to TFN’s and is a guide only. If you are in doubt, please consult your adviser.

13. OFFICIAL QUOTATION BY ASX

Application will be made to ASX for admission of the Placement Shares offered by this Prospectus to Official Quotation on ASX within seven (7) days after the date of issue of this Prospectus. If the Placement Shares are not admitted to Official Quotation within four (4) months after the date of this Prospectus (or such period is as varied by the ASIC), the Company will not issue any Placement Shares and will repay all application monies within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation of the Placement Shares is not to be taken in any way as an indication of the merits of the Company or the Placement Shares now offered for subscription.

14. PRIVACY

If you complete an Application Form, you will be providing information that may be personal information for the purposes of the Privacy Act 1988 (Cth) (as amended). The Company (and its share registry on behalf of the Company) may collect, hold and use that personal information in order to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the registers, bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, financial services licensees, print service providers, mail houses and the Company’s share registry.

You can access, correct and update the personal information that the Company holds about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

If you do not provide the information requested of you in the Application Form, the Company may not be able to process your application or administer your holding of Shares appropriately.

15. DIVIDENDS

The Company does not, at this stage, intend to pay dividends for the year ended 30 June 2005.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends, or franking credits attaching to dividends, can be given by the Company.

16. RISK FACTORS

Before deciding to invest in the Company, investors should read the Prospectus in its entirety and in particular, should carefully consider the risk factors that could affect the Company. A description of the potential risks is outlined in Section 4. An investment of this kind involves a number of risks, some of which are specific to Breakaway and the industry in which it operates.

17. ENQUIRIES

Any questions concerning the Placement should be directed to by contacting Siafu Securities as the Manager to the Placement at greg@argonautlimited.com

SECTION 3 EFFECT OF THE PLACEMENT

1. PRINCIPAL EFFECTS

If the maximum number of Placement Shares is issued under this Prospectus, the Placement will constitute 10.13% of the enlarged issued share capital 519,810,966 Shares. When aggregated with the number of options in the Company currently on issue, the Placement Shares will constitute approximately 9.26% of the enlarged issued capital of the Company on a fully diluted basis. The following tables illustrate the effect:

Table 1 - Shares – no exercise of options

	Maximum Subscription	%	Minimum Subscription	%
Shares at date of this prospectus	467,179,388	89.87	467,179,388	92.21
Placement Shares	52,631,578	10.13	39,473,684	7.79
Total	519,810,966	100.00	506,653,072	100.00

Table 2 - Shares – full dilution on exercise of options

	Maximum Subscription	%	Minimum Subscription	%
Shares at date of this prospectus	467,179,388	82.16	467,179,388	84.10
Exercise of Options	48,833,333	8.59	48,833,333	8.79
Placement Shares	52,631,578	9.26	39,473,684	7.11
Total	568,644,299	100.00	555,486,405	100.00

The Placement will also increase the Company's cash reserves to approximately \$3,039,000 (assuming full subscription). If the Placement raises only the minimum subscription amount of \$1,500,000, the Company's cash reserves will increase to approximately \$2,539,000.

Note 1:

The Company has the following unlisted options:

ASX Code	Expiry Date	Number	Exercise Price
NA	30 June 2005	33,333,333	\$0.06
NA	30 June 2006	2,500,000	\$0.06
NA	1 December 2006	5,000,000	\$0.10
NA	1 July 2007	5,000,000	\$0.125
NA	1 November 2007	3,000,000	\$0.15

2. STATEMENT OF FINANCIAL POSITION

Set out below are the Consolidated Statement of Financial Position as at 30 June 2004, prepared from management accounts, together with an unaudited Pro-Forma Consolidated Statement of Financial Position as at 30 September 2004 under different assumption scenarios.

	Audited 30 June 2004 \$000's	Unaudited Pro-Forma 30 September 2004 \$000's	Unaudited Pro-Forma 30 September 2004 \$000s	
			Full Subscription Scenario (\$2,000,000)	Minimum Subscription Scenario (\$1,500,000)
CURRENT ASSETS				
Cash Assets	2,309	1,039	3,039	2,539
Receivables	252	300	300	300
Other	28	92	92	92
Total Current Assets	2,589	1,431	3,431	2,931
NON-CURRENT ASSETS				
Secured Term Deposits	1,212	1,478	1,478	1,478
Property, Plant and Equipment	796	811	811	811
Exploration & Development Properties	8,409	8,888	8,888	8,888
Total Non-Current Assets	10,417	11,177	11,177	11,177
TOTAL ASSETS	13,006	12,608	14,608	14,108
CURRENT LIABILITIES				
Payables	646	783	783	783
Interest bearing liabilities	27	152	152	152
Provisions	581	35	35	35
Total Current Liabilities	1,254	970	970	970
NON CURRENT LIABILITIES				
Interest bearing liabilities	6	-	-	-
Provisions	1,987	2,532	2,532	2,532
Total Non Current Liabilities	1,993	2,532	2,532	2,532
TOTAL LIABILITIES	3,247	3,502	3,502	3,502
NET ASSETS	9,759	9,106	11,106	10,606
EQUITY				
Contributed equity	57,022	57,022	59,022	58,522
Accumulated losses	(47,263)	(47,916)	(47,916)	(47,916)
TOTAL SHAREHOLDERS EQUITY	9,759	9,106	11,106	10,606

3. ASSUMPTIONS FOR UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statements of Financial Position disclosed above have been prepared on the basis that there have been no material changes in the assets and liabilities of the Company between 30 September 2004 and the close of the Placement.

No allowance has been made for expenditure incurred in the normal course of business from 30 September 2004 to the date of this Prospectus.

SECTION 4 RISK FACTORS

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the mineral exploration industry. This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks that may be higher than the risks associated with an investment in other companies. Intending subscribers 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 subscribe for Placement Shares.

Applicants should be aware that there are risks associated with any share investment. The prices at which the Company's Shares trade may be above or below the issue price for the Placement Shares under this Prospectus. The trading price of the Placement Shares is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as additions or departures of key personnel, litigation, newspaper and other media reports and the results of exploration activity. The Placement Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX.

1. EXPLORATION RISK

Mineral exploration involves significant risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that minerals will be discovered or, even if they are, that commercial quantities of minerals can be recovered from the Company's areas of interest. No assurances can be given that if mineral reserves are discovered the Company will be able to realise such reserves as intended.

2. OPERATING RISKS

Operating activities are subject to numerous risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortage or delays in the delivery of equipment and compliance with governmental requirements. Completion of an exploration or evaluation programme does not assure a profit on the investment or recovery of operating costs. Hazards incident to the exploration and development of mineral properties such as unusual or unexpected rock formations may be encountered by the Company.

Industry operating risks include the risk of fire, explosions, equipment failure and environmental hazards such as accidental spills or leakage, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company. Although the Company believes that it will carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's insurance may not cover or be adequate to cover the consequences of such events. In addition, the Company may be subject to liability for hazards against which the Company does not insure or against which it may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers reasonable.

3. PAYMENT OBLIGATIONS

Under the Company's exploration tenements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In

particular, the tenement holders are required to expend the funds necessary to meet the minimum work commitments attaching to the exploration tenements. Failure to meet these work commitments may render the tenement liable to be forfeited. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to the other parties, dilution or forfeiture of interests held by the Company could result.

The Company may not have, or be able to obtain, financing for all such obligations as they arise.

4. ABILITY TO EXPLOIT SUCCESSFUL DISCOVERIES

It may not always be possible for the Company to participate in the exploitation of any successful discoveries that may be made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

5. VOLATILITY OF PRICES OF MINERALS

The demand for, and price of, minerals is highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, the price and availability of alternative minerals, actions taken by governments and international cartels, exchange rate fluctuations and global economic and political developments. International minerals prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in minerals prices and, in particular, a material decline in the price of the minerals which the Company intends to exploit may have a material adverse effect on the Company's business, financial condition and results of operations.

6. ENVIRONMENTAL REGULATIONS

The Company's operations are subject to the environmental risks inherent in the mineral exploration industry. The Company is subject to environmental laws and regulations in connection with all of its operations. Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

7. COMPETITION

The Company competes with other companies, including major minerals companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance as to the outcome of competition with these companies.

8. ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its existing projects, the Company may require further financing in addition to amounts raised in the Placement. Any additional equity financing may be dilutive to shareholders, and debt financing, if

available on terms that are acceptable, if at all, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

9. NATIVE TITLE

Legislative developments and judicial decisions (in particular in the area of common law Aboriginal native title rights and Native Title legislation) may have an adverse impact on the Company's exploration activities and its ability to fund those activities. Whilst the Company believes it has mitigated such risks is impossible at this stage to quantify the impact that these developments may have on the Company's operations.

10. GENERAL ECONOMIC CONDITIONS

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, interest rates and the rate of inflation.

11. LEGISLATIVE CHANGES

Changes in government regulations and policies may adversely affect the financial performance of the Company.

12. INVESTMENT IS SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. 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 Placement Shares offered under this Prospectus.

Therefore, the Placement Shares carry no guarantee with respect to the payment of dividends, returns of capital or their market value. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Placement Shares.

13. JOINT VENTURE PARTIES AND CONTRACTORS

The Directors are unable to predict the risk of:

- (a) financial failure or default by a participant in any joint venture to which the Company is or may become a party; or
- (b) insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities.

14. RELIANCE ON KEY PERSONNEL

The success of the Company will depend in part on the continued services of its directors and consultants. The loss of services of one or more of these persons could have a materially adverse effect on the Company's business, operating results and financial condition.

SECTION 5 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The Placement Shares issued pursuant to this Prospectus will rank equally with all other issued Shares.

The rights and liabilities attaching to ownership of the Shares arise from a combination of the Company's constitution, statute and general law. This summary sets out the more important rights and liabilities contained in the Company's constitution. Prospective investors are invited to obtain a copy of the complete constitution from the Company if they require further detail.

Voting Rights

Subject to any rights or restrictions for the time being attached to any classes of Shares at general meetings:

- (i) each member entitled to vote may vote in person or by proxy, attorney or by representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy attorney or representative of a Shareholder has one (1) vote; and
- (iii) on a poll, every person who is a Shareholder or a proxy, attorney or representative of a Shareholder present has one (1) vote for each Share held.

Dividend Rights

The Company in general meeting or the Directors (as the case may be) may from time to time determine to distribute the profits of the Company by way of dividend. Subject to the rights of holders of Shares issued with any special or preferential rights (at present there are none), the dividend will be declared and paid to Shareholders so entitled to those dividends in proportion to the Shares held by them respectively, irrespective of the amount paid up, or credited as paid up, on the Shares.

Rights on Winding Up

Subject to the rights of holders of Shares with special rights (at present there are none) in a winding up, on a winding up of the Company all assets that may be legally distributed among the Shareholders would be distributed in proportion to the Shares held irrespective of the amount paid up or credited as paid up on the Shares. This right is subject to the discretion of the liquidator of the Company, with the sanction of a special resolution, to divide the assets in such proportion as the liquidator may determine.

Transfer of Shares

Subject to the Company's Constitution, the Corporations Act, the ASX Listing Rules and any other applicable laws, Shares in the Company are freely transferable.

Future Issues

Subject to the Company's Constitution, the Corporations Act, the ASX Listing Rules and any other applicable laws, the Directors may allot, issue, grant options over, or otherwise deal with the unissued Shares in the Company at the times and on the terms and conditions that the Directors think proper and a Share may be issued with preferential, deferred or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

Variation of Rights

Unless otherwise provided by the terms of issue of Shares of a certain class (at present there are no such Shares), the rights attached to Shares of that class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the Shares of that class.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office at Level 1, Pinnacle House, 16 Ogilvie Road, Mt Pleasant, Western Australia during normal business hours.

SECTION 6 ADDITIONAL INFORMATION

1. INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is or was a partner, has or had within two (2) years before the lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the Placement Shares pursuant to this Prospectus; or
- (iii) the offer of the Placement Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (whether in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or the offer of the Placement Shares pursuant to this Prospectus.

a) Directors' Remuneration and Other Benefits

The remuneration or other amounts paid to Directors or their related entities during the period beginning on the date of the 2003 Annual Report (27 October 2003) through to 2004 Annual Report (25 October 2004) is set out below:

Director	Director
Jon Young	\$40,000
Michael Mulrone	\$198,167
Garry Connell	\$30,000
Peter Buck (appointed 24 June 2004)	-

The Company's constitution provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. This sum has been set at \$100,000. Fees paid to Mr Young and Mr Connell were within this allowance. The sum paid to Mr Mulrone was pursuant to his executive employment contract with the Company. In addition, directors were issued options on 1 December 2003 in accordance with the shareholder approval on 28 November 2003, details of which are set out in the next paragraph.

b) Security Holdings

Set out below are details of the interests of the Directors, either directly, indirectly or beneficially, in the securities of Breakaway as at the date of this Prospectus.

Director	Shares	Options ⁺
Jon Young*	4,990,019	3,000,000
Michael Mulrone**	1,750,000	9,000,000
Garry Connell***	33,878,552	1,000,000
Peter Buck	nil	nil

⁺ Options approved at annual general meeting on 28 November 2003.

- * Unlisted options issued Mrs D L Young, a related party of Mr J A Young – 1,500,000 unlisted options expiring on 1 December 2006 with an exercise price of \$0.10 (10 cents) and 1,500,000 unlisted options expiring 1 July 2007 with an exercise price of \$0.125 (12.5 cents)
- ** Unlisted options issued to Greenleigh Holdings Pty Ltd, a company in which Mr M G Mulroney has an interest and is a director – 3,000,000 unlisted options expiring on 1 December 2006 with an exercise price of \$0.10 (10 cents), 3,000,000 unlisted options expiring on 1 July 2007 with an exercise price of \$0.125 (12.5 cents) and 3,000,000 unlisted options expiring on 1 November 2007 with an exercise price of \$0.15 (15 cents).
- *** Unlisted options issued to Shermuriff Holdings Pty Ltd, a company in which Mr G P Connell has an interest and is a director 500,000 unlisted options expiring on 1 December 2006 with an exercise price of \$0.10 (10 cents) and 500,000 unlisted options expiring 1 July 2007 with an exercise price of \$0.125 (12.5 cents).

2. INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no promoter, financial services licensee named in the Prospectus as a financial services licensee involved in the Placement nor any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within two (2) years before the lodgement of this Prospectus with the ASIC, any interest:

- (i) in the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Placement Shares pursuant to this Prospectus; or
- (iii) the offer of Placement Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any promoter, financial services licensee named in the Prospectus as a financial services licensee involved in the Placement nor any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with preparation or distribution of the Prospectus, or any firm in which any of those persons is or was a partner, or any company with which any of those persons is or was associated, for services rendered by that person or by the firm or company in connection with the formation or promotion of the Company or the offer of Placement Shares pursuant to this Prospectus.

- Wright Legal will be paid a fee of approximately \$4,000 for the provision of legal advice with respect to the Prospectus and the Placement.
- Siafu Securities has acted as Manager to the Placement. For these services, Siafu Securities will receive a management fee of 1% on the total amount raised under the Placement. In the event that the Placement is fully subscribed, Siafu Securities will be paid management fees of approximately \$20,000. Siafu Securities may also receive part or all of the capital raising fee of 4% payable upon the Placement Shares it places on the terms set out in section 2 "*Brokerage and Placement Fees*".
- Argonaut Capital Limited, 100% owner of Siafu Securities, has also recently been appointed to act as exclusive Corporate Adviser to Breakaway. Argonaut Capital Limited will be issued 2.5 million Breakaway options exercisable on or before 30 June 2006 as part of an upfront corporate advisory fee and will continue to receive fees on a commercial arm's length basis under this engagement.

3. CONSENTS

Each of the following has consented (and has not withdrawn such consent prior to lodgement of this Prospectus with the ASIC) to being named in this Prospectus:

- (i) Wright Legal, as Legal Advisers to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named;

- (ii) Computershare Investor Services Pty Limited, as Share Registry to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named; and
- (iii) Siafu Securities, as Manager to the Placement in the form and context in which it is named.
- (iv) Argonaut Capital Limited, as corporate adviser in the form and in which it is named.

To the maximum extent permitted by law, each of the persons referred to above has not authorised or caused the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus and makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Placement.

4. SHARE TRADING HISTORY

The highest and lowest market price of the Company's Shares on ASX during the last year immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales, and the last available closing sale price of the Company's Shares on ASX prior to lodgement of this Prospectus with the ASIC, were:

Within the last 12 months	SHARES	
	Date	Price \$
Highest	31 December 2003	0.077
Lowest	27 May 2004	0.034
Latest	7 December 2004	0.042

5. LITIGATION

The Company has not been involved in any legal proceedings which have had a significant effect on the financial position of the Company in the last 12 months, or which are likely to have a significant effect on future results, nor is the Company aware that any such proceedings are pending or threatened.

6. COSTS OF THE PLACEMENT

The expenses connected with the Placement are being borne by Breakaway. The following estimates of expenses (excluding GST) have been or will be incurred with respect to the Placement:

	Maximum subscription scenario (\$2,000,000)	Minimum subscription scenario (\$1,500,000)
Management Fees	\$20,000	\$15,000
ASIC Fees	\$2,000	\$2,000
Legal Fees	\$4,000	\$4,000
Placement Fees	\$80,000	\$60,000
Other	\$10,000	\$10,000
Total*	\$116,000	\$91,000

7. CONTINUOUS DISCLOSURE AND DOCUMENTS AVAILABLE FOR INSPECTION

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material affect on the price or value of securities of the Company.

The Placement Shares to be issued under this Prospectus are in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the date of this Prospectus.

This Prospectus is a “transaction specific prospectus”. In general terms, “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the company and the rights attaching to the securities. It is not necessary to include general information regarding all of the assets and liabilities, financial position and performance, and profits and losses and prospects of the company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to other publicly available information in relation to the Company before making a decision whether or not to invest.

The Company believes that it has complied with the general and specific requirements of ASX (as applicable from time to time throughout the 12 months prior to the issue of this Prospectus) which require the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company states that:

- (i) as a disclosing entity under the Corporations Act it is subject to regular reporting and disclosure obligations; and
- (ii) copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who requests a copy during the period between the date of this Prospectus and the Closing Date:

- (i) the financial statements of the Company for the financial year ended 30 June 2004 (being the last financial statements for a financial year to be lodged with the ASIC in relation to the Company before the lodgement of this Prospectus with the ASIC);
- (ii) the half-year financial statements of the Company for the period ended 31 December 2003 (being the half-year financial statements lodged with the ASIC before both lodgement of the financial statements referred to in sub-paragraph (i) and lodgement of this Prospectus with the ASIC); and
- (iii) all documents used to notify ASX of information relating to the Company under the provisions of ASX Listing Rules after lodgement of the financial statements referred to above in sub-paragraph (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX in accordance with sub-paragraph (iii) above.

Lodgement Date	Description of Announcement
25 October 2004	2004 Annual Report
25 October 2004	Notice of Annual General Meeting
25 October 2004	September Quarterly Report 2004

29 October 2004	Appendix 5B September 2004 Quarter
9 November 2004	Spargoville Drilling Results
25 November 2004	Bannockburn Gold Project Resource Increase
25 November 2004	Annual General Meeting Results
7 December 2004	Appoints Inv Bank to Provide Ongoing Strategic Advice
8 December 2004	Trading Halt

ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX during normal working hours.

This Prospectus contains details specific to the Placement. If potential investors require any further information in relation to the Company, the Directors recommend that potential investors take advantage of the ability to inspect or obtain copies of documents referred to above.

SECTION 7 DEFINITIONS

\$	Australian dollars. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
Applicant(s)	A person who submits a valid Application Form pursuant to this Prospectus.
Application Form	The form so described and attached to this Prospectus.
Siafu Securities	Siafu Securities Pty Ltd.
ASIC	The Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited (ACN 008 624 691).
ASX Listing Rules	The official Listing Rules of ASX.
Closing Date	5.00pm WST on 16 December 2004 or such other date as the Directors may determine.
Corporations Act	Corporations Act 2001 (Cth).
Director(s)	Director(s) of Breakaway Resources Limited.
Breakaway or the Company	Breakaway Resources Limited (ABN 16 061 595 051).
ASX Listing Rules	The official Listing Rules of the ASX.
Official Quotation	Official quotation by ASX in accordance with the ASX Listing Rules.
Placement	The offer of the Placement Shares pursuant to this Prospectus.
Placement Shares	The Shares offered pursuant to this Prospectus.
Prospectus	This Prospectus dated 9 December 2004.
Share(s)	Fully paid ordinary share(s) in the capital of the Company.
Shareholder(s)	Holder(s) of Share(s).
WST	Western Australian Standard Time.

SECTION 8 DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and in that respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before the issue of Placement Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated the 9th day of December 2004



Signed for and on behalf of
Breakaway Resources Limited
By Jon Young

Guide to the Breakaway Resources Limited Application Form

This Application Form relates to the offer of 52,631,578 Placement Shares in Breakaway Resources Limited at \$0.038 per Placement Share, pursuant to the Prospectus dated 9 December 2004. The expiry date of the Prospectus is 9 January 2006, being the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for Placement Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- J** Insert the number of Placement Shares you wish to apply for. The Application must be for a minimum of 52,632 Placement Shares and thereafter in multiples of 13,158 Placement Shares.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Placement Shares applied for by the sum of \$0.038.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES sub register, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:
Make your cheque payable to "Breakaway Resources Limited – Share Application Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Placement Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Placement Shares equal to or less than the number of Placement Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Placement Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult; do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

By Hand

Siafu Securities Pty Ltd
Level 29 Allendale Square
77 St Georges Terrace
PERTH WA 6000

By Mail:

Siafu Securities Pty Ltd
GPO Box 2553
PERTH WA 6001

Application Forms must be received no later than 5.00 pm WST time on 16 December 2004.