
BREAKAWAY RESOURCES LIMITED

ACN 16 061 595 051

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

FRIDAY, 28 NOVEMBER 2003

10.00 AM

AT

**LEVEL 31
ALLENDALE SQUARE
77 ST GEORGES TERRACE
PERTH
WESTERN AUSTRALIA**

Notice is hereby given that the Annual General Meeting of Breakaway Resources Limited ("the Company") will be held at Level 31, Allendale Square, 77 St Georges Terrace, Perth, Western Australia on Friday 28 November 2003 at 10.00 am.

AGENDA

FINANCIAL REPORT

To table the Annual Financial Report of the Company for the year ended 30 June 2003 and the related Director's Report, Director's Declaration and Audit Report thereon.

RESOLUTION 1 ~ ELECTION OF MR JON YOUNG AS A DIRECTOR

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

"That Mr Jon Young, having been appointed as a director since the last General Meeting of the Company, in accordance with the Constitution of the Company and having consented to act, be, and is hereby elected as a director."

RESOLUTION 2 ~ ELECTION OF MR MICHAEL MULRONEY AS A DIRECTOR

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

"That Mr Michael Mulroney, having been appointed as a director since the last General Meeting of the Company, in accordance with the Constitution of the Company and having consented to act, be, and is hereby elected as a director."

RESOLUTION 3 ~ RE-ELECTION OF MR GARRY O'CONNELL AS A DIRECTOR

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

"That Mr Garry O'Connell, having retired by rotation in accordance with the Company's Constitution of the Company and having consented to act, be, and is hereby re-elected as a director."

RESOLUTION 4 ~ ISSUE OF OPTIONS TO A RELATED PARTY - MR MICHAEL MULRONEY

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

"That, pursuant to and in accordance with Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorises the Directors to grant to Mr Michael Mulroney (or his nominee or nominees) a total of 9,000,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Michael Mulroney and any associates of Michael Mulroney. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 ~ ISSUE OF OPTIONS TO A RELATED PARTY - MR JON YOUNG

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

"That, pursuant to and in accordance with Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorises the Directors to grant to Mr Jon Young (or his nominee or nominees) a total of 3,000,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Jon Young and any associates of Jon Young. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 ~ ISSUE OF OPTIONS TO A RELATED PARTY - MR GARRY CONNELL

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

"That, pursuant to and in accordance with Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorises the Directors to grant to Mr Garry Connell (or his nominee or nominees) a total of 1,000,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by Garry Connell and any associates of Garry Connell. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 ~ APPROVAL OF EMPLOYEE OPTION PLAN

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

"That the Company approves:

- (a) *the establishment and administration of an Employee Option Plan to be called "Breakaway Resources Limited Employee Option Plan" on the terms and conditions set out in the Explanatory Memorandum ; and*
- (b) *the payment of the benefits, pursuant to the Breakaway Resources Limited Employee Option Plan, referred to in the attached Explanatory Memorandum in the circumstances referred to in the Explanatory Memorandum."*

The Company will in accordance with section 224 of the Corporations Act and the Listing Rules of the ASX, disregard any votes cast on this Resolution by a director of the Company. However, the Company will not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXIES

In accordance with Section 249L of the Corporations Act, members are advised:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

In accordance with Section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: Level 1,
 16 Ogilvie Road
 Mount Pleasant WA 6153

Facsimile Number: (08) 9315 6533

Each shareholder entitled to vote at the General Meeting has the right to appoint a proxy to vote on each particular resolution. The shareholder may specify the way in which the appointed proxy is to vote on a particular resolution or may allow the appointed proxy to vote at its discretion. The instrument appointing the proxy must be received by the Company as provided in its Constitution no later than 48 hours prior to the time of the commencement of the General Meeting. This proxy form may be sent by facsimile transmission to the number identified on the proxy form.

For the purposes of Section 1109N of the Corporations Act the Company determines that members holding ordinary shares at 10.00 am, 26 November 2003 will be entitled to attend and vote at the General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Grant J Mooney', written over a light blue horizontal line.

Grant J Mooney
Company Secretary
28 October 2003

EXPLANATORY MEMORANDUM

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

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders of Breakaway Resources Limited ("the Company") in connection with the business to be conducted at a General Meeting to be held at Level 31, Allendale Square, 77 St Georges Terrace, Perth, Western Australia on Friday 28 November 2003 at 10.00.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting.

RESOLUTION 1 – ELECTION OF JON YOUNG AS DIRECTOR

As Mr Young was appointed since the date of the last General Meeting of the Company, he hereby offers himself for election in accordance with the Company's constitution.

Mr Young graduated from UWA with a Bachelor of Commerce Degree. He qualified as a Chartered Accountant with Price Waterhouse in 1981 spending 7 years in their Perth, Melbourne and Sydney offices.

The following 18 years have been spent in the Finance and Stockbroking industry and Mr Young is currently Director Private Clients with major Perth based stockbroking firm Paterson Ord Minnett.

For the past 7 years Mr Young has served as non Executive Chairman of the Barmingo Group of companies, one of Australia's largest privately owned underground mining contractors and a major shareholder of Breakaway Resources Limited.

RESOLUTION 2 – ELECTION OF MICHAEL MULRONEY AS DIRECTOR

As Mr Mulroney was appointed since the date of the last General Meeting of the Company, he hereby offers himself for election in accordance with the Company's constitution.

Mr Mulroney has over 20 years experience in the natural resources and finance sectors. He spent 13 years as a geologist and mining company executive in a broad range of commodities throughout Australia and South East Asia prior to joining leading international merchant bank N M Rothschild & Sons (Australia) Limited ("Rothschild") in 1991.

Mr Mulroney ultimately became the Director of Rothschild responsible for Western Australia which included senior roles in Banking and Investment Banking within the natural resources sector. He has extensive experience in project assessment, project development, structuring and arranging, corporate and project financing, mergers and acquisitions, joint ventures within the resources industry throughout Australia, Asia, Europe and Africa.

Mr Mulroney holds the degrees of Bachelor of Applied Sc (Geology) and Master of Business Administration from Curtin University and is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Mulroney has held the position of Managing Director of Breakaway Resources Limited since August 2002.

RESOLUTION 3 – RE-ELECTION OF GARRY CONNELL AS DIRECTOR

Mr Connell retires by rotation pursuant to the Company's Constitution and having consented to act, hereby offers himself for re-election.

RESOLUTIONS 4, 5 and 6 - ISSUE OF OPTIONS TO RELATED PARTIES - MICHAEL MULRONEY, JON YOUNG AND GARRY CONNELL

Resolutions 4, 5 and 6 seek shareholder approval for the Company to allot and issue a total of 13,000,000 Options over ordinary Shares in the Company to Mr Michael Mulroney (Managing Director) Mr Jon Young (Chairman), and Mr Garry Connell as part of their remuneration packages as follows:

Recipient	Options	Exercise Price	Vesting Date*	Expiry Date
Michael Mulroney	3,000,000	\$0.10	1 December 2003	1 December 2006
	3,000,000	\$0.125	1 July 2004	1 July 2007
	3,000,000	\$0.15	1 November 2004	1 November 2007
Jon Young	1,500,000	\$0.10	1 December 2003	1 December 2006
	1,500,000	\$0.125	1 July 2004	1 July 2007
Garry Connell	500,000	\$0.10	1 December 2003	1 December 2006
	500,000	\$0.125	1 July 2004	1 July 2007
Total	13,000,000			

* *Director will be required to retain his position of employment with the Company to enable them to exercise these Options prior to their expiry date.*

Shareholder approval for the grant of the Options the subject of Resolutions 4, 5 and 6 is sought for the purposes of Chapter 2E of the Corporations Act which governs the giving of financial benefits to "related parties", e.g. directors of a company.

Purpose of the Issue

The purpose of the proposed grant of Options is to provide Mr Michael Mulroney, Mr Jon Young and Garry Connell with added incentive to achieve predetermined goals. The Options are issued as part of Mr Michael Mulroney and Mr Jon Young's remuneration packages. The Board of Directors shall have certain discretion in relation to determining whether these Options the subject of Resolutions 4, 5 and 6 will vest in the respective Directors (ie" This discretion related specifically to Recipient Director retaining his position of employment with the Company and not being in breach of the terms and conditions of his employment contract).

A summary of the terms of their respective remuneration packages is as follows:

	Michael Mulroney	Jon Young	Garry Connell
	\$	\$	\$
Base salary	163,800	36,360	27,300
Employer superannuation (in line with Superannuation guarantee levels)	16,200	3,640	2,700
Provision of Motor Vehicle (estimated)	20,000	-	-
Grant of Options as contemplated by Resolutions 4, 5 and 6 (however, the vesting date of these Options are subject the maintaining of employment and these options will vest at different dates)*	198,000	69,000	23,000
	398,000	109,000	53,000

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) of the Company, unless either:

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

For the purposes of Chapter 2E, Mr Michael Mulroney, Mr Jon Young and Garry Connell are considered to be related parties of the Company as Directors. Resolutions 4, 5 and 6 provide for the grant of Options to related parties which are financial benefits which require shareholder approval.

In accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided:

- (i) The Options will be issued to Mr Michael Mulroney, Mr Jon Young and Garry Connell or their respective nominees.
- (ii) The proposed financial benefit is the grant to Mr Michael Mulroney, Mr Jon Young and Garry Connell or their respective nominees, of a total of 13,000,000 Options to subscribe for ordinary fully paid Shares in the Company. An estimate of the total value of the financial benefits has been calculated and is detailed in the above table. These values have been calculated using a Black and Scholes Option Pricing Model with the following assumptions:

- interest rate of 4.75%;
- dividend yield of nil;
- current underlying Share price of \$0.074 cents; and
- The Company has used a volatility rate of 50% in the calculation of the value of the options using the Black and Scholes Option Pricing Model for the following reasons;
 1. The Directors consider that the volatility rate of 50% is reasonable given the sector in which the Company operates;
 2. While volatility values are available for 'blue chip' companies on a weekly basis as provided by the ASX, this same information is not readily available for 'small capped' companies;
 3. The Company has sought to obtain volatility rates applicable to the sector in which the Company operates from financial publishers. However, this information is not readily available.
 4. Should a volatility rate of 100% have been used in pricing the options, the following values would have resulted;

Exercise Price	Vesting Date	Expiry Date	Value per option using 50% volatility	Value per option using 100% volatility
\$0.10	1 December 2003	1 December 2006	2.5 cents	4.8 cents
\$0.125	1 July 2004	1 July 2007	2.1 cents	4.7 cents
\$0.15	1 November 2004	1 November 2007	2.0 cents	4.8 cents

5. The Company has experienced volatility in its share price over the past 12 months of 284% due to a range of factors including the acquisition of BMV Properties Pty Ltd (formerly Breakaway Resources Limited), the disposal of mining projects including the Company's Lime operations and the volatility of world markets. However, the Directors believe that it is unlikely that such factors will recur in the foreseeable future and believe that it be more prudent to use a forecast volatility considered fair for the industry sector in which the Company operates, being 50%.

The estimated value of the Options using the Black and Scholes Option Pricing Model is detailed below.

Recipient	Options	Exercise Price	Expiry Date	Value Per Option	Total Value \$
Michael Mulroney	3,000,000	\$0.10	1 December 2006	\$0.025	75,000
	3,000,000	\$0.125	1 July 2007	\$0.021	63,000
	3,000,000	\$0.15	1 November 2007	\$0.020	60,000
	<u>9,000,000</u>				<u>198,000</u>
Jon Young	1,500,000	\$0.10	1 December 2006	0.025	37,500
	1,500,000	\$0.125	1 July 2007	\$0.021	31,500
	<u>3,000,000</u>				<u>69,000</u>
Garry Connell	500,000	\$0.10	1 December 2006	\$0.025	12,500
	500,000	\$0.125	1 July 2007	\$0.021	10,500
	<u>1,000,000</u>				<u>23,000</u>
Total	<u>13,000,000</u>				<u>290,000</u>

- (iii) The Options are granted for no issue price;
- (iv) Following the passage of Resolutions 4, 5 and 6 and the subsequent performance targets being met, Mr Michael Mulroney, Mr Jon Young and Garry Connell will hold the following securities in the Company:

Director	Shares	Options
Michael Mulroney	1,750,000	3,000,000 exercisable at \$0.10 expiring 1 December 2006 3,000,000 exercisable at \$0.125 expiring 1 July 2007, with a vesting date of 1 July 2004 * 3,000,000 exercisable at \$0.15 expiring 1 November 2007, with a vesting date of 1 November 2004 *
Jon Young	4,990,019**	1,500,000 exercisable at \$0.10 expiring 1 December 2006 1,500,000 exercisable at \$0.125 expiring 1 July 2007, with a vesting date of 1 July 2004 *
Garry Connell	33,878,552***	500,000 exercisable at \$0.10 expiring 1 December 2006 500,000 exercisable at \$0.125 expiring 1 July 2007, with a vesting date of 1 July 2004 *

* *These Options will only be granted upon Resolution 4, 5 and 6 being passed and will only vest upon the Recipient Director retaining his position of employment with the Company and not being in breach of the terms and conditions of his employment contract).*

** *includes shares in which the director holds a relevant interest but is not the registered holder. In addition, Mr Jon Young is a director of Barmenco Pty Ltd which holds 92,511,292 shares.*

*** *includes shares in which the director holds a relevant interest but is not the registered holder.*

Mr Michael Mulroney, Mr Jon Young and Garry Connell and their associates do not have a relevant interest in any other securities of the Company other than as mentioned above.

- (v) The Company presently has on issue 378,108,338 fully paid ordinary shares on issue.
- (vi) The market price of the Company's Shares during the period of the Options will normally determine whether or not holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's ordinary Shares may be trading at a price which is higher than the exercise price of the Options.
- (vii) If the Options are granted and are exercised, the Company's Share capital will be diluted by approximately 2.57% (based on the number of Shares on issue at the date of the Notice of Meeting).
- (viii) Over the last 12 months prior to the date of this Notice of Meeting, the Company's Shares have traded from a low of \$0.033 on 16 June 2003 to a high of \$0.094 on 14 October 2003. The latest available trading price of the Shares prior to the date of this Explanatory Memorandum was \$0.074 on 29 October 2003.
- (ix) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options to Mr Michael Mulroney, Mr Jon Young and Garry Connell pursuant to Resolutions 4, 5 and 6 respectively.
- (x) The primary purpose of the grant of the Options is not to raise capital.
- (xi) The Directors are not aware of any other information that would be reasonably required by shareholders to make a decision whether it is in the best interests of the Company to pass Resolutions 4, 5 and 6 other than as listed above.

Directors' recommendation

Each of the Directors decline to make a recommendation about Resolutions 4, 5 & 6 because they are the subject of the resolutions pursuant to which they will receive Options in the Company and therefore have a material personal interest in the outcome of these resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval for the issue of Options to a related party of the Company. As both Mr Michael Mulroney, Mr Jon Young and Garry Connell are related parties of the Company as noted above, shareholder approval is sought pursuant to Listing Rule 10.11.

The following information is provided to shareholders for the purposes of Listing Rule 10.13:

- (a) the maximum number of Options to be granted under Resolution 4, 5 and 6 is 13,000,000, being 9,000,000 to Michael Mulroney, 3,000,000 to Jon Young and 1,000,000 to Garry Connell;

- (b) the Options will be issued no later than one month after the date of this Annual General Meeting or such later date as approved by ASX;
- (c) the Options will be granted as incentive Options and hence are granted for no issue price;
- (d) the allottees are Mr Michael Mulroney, Mr Jon Young and Mr Garry Connell or their respective nominees;
- (e) the Options will be issued on the terms and conditions as set out below; and
- (f) no funds will be raised from the grant of the Options.

If approval is given for the issue of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

(Note: Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's Shares then on issue. Listing Rule 7.1.4 provides that for the purposes of Listing Rule 7.1, Options are treated as if they were the Shares into which they will, upon exercise, convert.)

Terms and Conditions of Options to be issued to Mr Michael Mulroney, Mr Jon Young and Garry Connell or their nominees

The terms and conditions of the Options are as follows:

- (a) Each Option shall confer the right to subscribe for one fully paid ordinary Share, ranking pari passu with existing issued fully paid ordinary Shares, in the capital of the Company.
- (b) The exercise price, the vesting date (ie date the Options become exercisable) and the expiry date for each Option determined by the Board of Directors in accordance with the following table.

Recipient	Options	Exercise Price	Vesting Date*	Expiry Date
Michael Mulroney	3,000,000	\$0.10	1 December 2003	1 December 2006
	3,000,000	\$0.125	1 July 2004	1 July 2007
	3,000,000	\$0.15	1 November 2004	1 November 2007
Jon Young	1,500,000	\$0.10	1 December 2003	1 December 2006
	1,500,000	\$0.125	1 July 2004	1 July 2007
Garry Connell	500,000	\$0.10	1 December 2003	1 December 2006
	500,000	\$0.125	1 July 2004	1 July 2007
Total	13,000,000			

* Director will be required to retain his position of employment with the Company to enable them to exercise these Options prior to their expiry date.

- (c) The Options shall be exercisable by notice in writing to the Company received at any time on or before the Expiry Date, however the fully paid ordinary Shares will be allotted not more than fifteen days after (but not including) the exercise date.
- (d) The Options may not be exercised prior to the Vesting Date.
- (e) The Options may be exercised in whole or in part. If the Options are exercised in part each notice of exercise must be for not less than 1,000 Shares and in multiples of 1,000 Shares.
- (f) The Options may be transferred at any time in whole or part.
- (g) The Options will vest in favour of the Recipient at the sole discretion of the Directors of the Company.
- (h) A statement will be issued for the Options. On the reverse side of the statement there will be endorsed a statement of the rights of the optionholder and a notice that is to be completed when exercising the Options. If there is more than one Option comprised in this statement and prior to the Expiry Date those Options are exercised in part, the Company will issue another statement for the balance of the Options held and not yet exercised.
- (i) The optionholder will not be permitted to participate in any new pro rata entitlement issues of securities of the Company, unless the Options are first exercised.
- (j) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules of the ASX.

- (k) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

RESOLUTION 7 – APPROVAL OF EMPLOYEE OPTION PLAN

The purpose of the proposed Breakaway Resources Limited Employee Option Plan (“Option Plan”) is to provide a means by which employees of the Company, including Directors, and consultants to the Company, can share in such growth, thereby strengthening their commitment to the Company. The full terms and conditions of the Option Plan are available for inspection at the Company’s registered office at Level 1, 16 Ogilvie Road, Mount Pleasant, Western Australia during normal business hours. Alternatively, upon request to the Company Secretary, a copy will be mailed or provided electronically to any shareholder.

Pursuant to the Option Plan, and subject to any approvals required by the Corporations Act and the Listing Rules of the ASX, the Directors may from time to time resolve to grant such number of options to such employees or consultants of the Company as determined by the Directors. The exercise price of the options is the greater of:

- (a) 120% of the market value of shares on the day the option is issued; and
- (b) 20 cents;
- (c) or a price determined by the Directors in their discretion.

Each option will entitle the holder to one ordinary share in the Company on payment of the exercise price. Each of the options will be exercisable at any time within 3 years of the date on which they are granted to the employee or consultant. The Option Plan will take effect from the date that this resolution is passed.

Any resolution made by the Board to grant options to a Director or related party of the Company pursuant to the Option Plan will require the prior approval of shareholders pursuant to Section 208(1) of the Corporations Act and the Listing Rules of the ASX.

The Board is not permitted to issue options under the Option Plan where the number of shares that could be issued on exercise of the options would exceed 5% of the total share capital of the Company.

If an employee ceases to be employed with the Company because of retirement, total and permanent disablement, redundancy, death or any other circumstances approved by the Board, the options issued in respect of that employee must be exercised within 30 days (or 3 months in the case of death). If the employment ceases for any other reason, the options will lapse immediately. If the Board believes that an employee has acted fraudulently, dishonestly or in breach of their obligations to the Company, the Board may decide that any options issued to that employee under the Option Plan are forfeited and those options will lapse.

Options issued under the Option Plan may only be transferred with Board approval. Options issued under the Option Plan will be unlisted.

In the event that the Company’s capital is restructured or the Company conducts a pro rata issue (which is not a bonus issue), the options issued under the Option Plan will be restructured in accordance with the Listing Rules. In the event of a bonus issue, holders of Options under the Option Plan must exercise their options prior to the relevant record date in order to participate in the bonus issue.

The Option Plan may be amended with shareholder approval, and such amendment may apply retrospectively. The Board is empowered to administer the Option Plan in the best interests of the Company. The Board may terminate or suspend the operation of the Option Plan at any time, but that termination or suspension shall not affect the rights of persons to whom options have been issued prior to the termination or suspension.

In the event of a dispute under the Option Plan, the dispute must first be discussed between the Managing Director and the participant in the Option Plan. If resolution cannot be attained in this manner, the matter will be referred to an arbitrator.

GLOSSARY OF TERMS

In this Explanatory Memorandum and accompanying Notice of Meeting the following words and expressions have the following meanings:

"**ASIC**" ~ Australian Securities and Investments Commission;

"**ASX**" ~ Australian Stock Exchange Limited;

"**Company**" or "**Breakaway**" ~ Breakaway Resources Limited (ABN 16 061 595 051);

"**Corporations Act**" ~ Corporations Act 2001 (Cth);

"**Director**" ~ a director of the Company;

"**Explanatory Memorandum**" ~ the information attached to the Notice of Meeting which provides information to shareholders about the resolutions contained in the Notice of Meeting;

"**Notice**" or "**Notice of Meeting**" ~ the notice of meeting which accompanies this Explanatory Memorandum;

"**Options**" ~ options to acquire Shares;

"**Shares**" ~ ordinary fully paid shares in the Company; and

"**\$**" ~ Australian dollars.

PROXY FORM

Breakaway Resources Limited
 ABN 16 061 595 051

All correspondence to:
 Breakaway Resources Limited
 Level 1, 16 Ogilvie Road
 Mount Pleasant WA 6153
 Enquiries (within Australia) 08 9315 6444
 (outside Australia) 61 8 315 6444
 Facsimile 61 8 315 6533
 www.breakawayresources.com.au

I/We _____
 (insert name of holder – please print)

Of _____
 (insert address of holder – please print)

Appointment of Proxy

I/We being member/s of Breakaway Resources Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an 'X') **OR** Write here the name of the person you are appointing if this person is **someone other than the Chairman of the Meeting**

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Breakaway Resources Limited to be held at Level 31, Allendale Square, 77 St Georges Terrace, Perth, Western Australia on Friday 28 November 2003 at 10.00 am and at any adjournment of that meeting.

IMPORTANT: FOR ITEMS 1, 2, 3, 4, 5, 6 AND 7 BELOW

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on Items 1, 2, 3, 4, 5, 6 and 7 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 1, 2, 3, 4, 5, 6 and 7 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1, 2, 3, 4, 5, 6 and 7.

Voting directions to your proxy - please mark X to indicate your directions

Ordinary business

		For	Against	Abstain*
Item 1	Election of Jon Young as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Election of Michael Mulroney as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Garry Connell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Issue of Options to Director- Michael Mulroney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Issue of Options to Director- Jon Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Issue of Options to Director Garry Connell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Approval of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

 Contact Name

 Contact Daytime Telephone

 Date

How to complete the Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting on 10.00am on Friday, 28 November 2003. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged

- by delivery or facsimile to the Registered Office of Breakaway Resources Limited being Level 1, 16 Ogilvie Road, Mount Pleasant, WA 6153

(within Australia)
Facsimile 08 9315 6533
(outside Australia)
Facsimile 61 8 9315 6533