

# **NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM**

**30 APRIL 2004**

*A General Meeting of  
Breakaway Resources Limited ABN 16 061 595 051  
will be held at 10.00 am on Friday, 30 April 2004  
at Level 31 Allendale Square, 77 St Georges Terrace,  
Perth, Western Australia*

Dated 26 March 2004

**THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY. IF YOU DO NOT UNDERSTAND ANY PART OF IT, YOU SHOULD CONSULT A PROFESSIONAL ADVISER WITHOUT DELAY.**

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## ACTION REQUIRED BY SHAREHOLDERS

**Step 1 : Read the notice of meeting and the explanatory memorandum.** The explanatory memorandum sets out details in relation to the sale of the Eloise Copper Project, approval of a proposed future share issue and ratification of a previous share issue. This information is important.

**Step 2 : Vote on the resolutions:** Your vote is important. You may cast your vote by:

- attending and voting at the meeting to be held at Level 31 Allendale Square, 77 St Georges Terrace, Perth, Western Australia on Friday, 30 April 2004 commencing at 10.00 am; or
- completing and returning the enclosed proxy form so as to be received by the Company at its registered office by 10 am (Perth time) on Wednesday, 28 April 2004.

**BREAKAWAY RESOURCES LIMITED**  
**ABN 16 061 595 051**  
**("COMPANY")**

**NOTICE OF GENERAL MEETING**

Notice is given that a general meeting of the Shareholders of the Company will be held at Level 31 Allendale Square, 77 St Georges Terrace, Perth, Western Australia on Friday, 30 April 2004 commencing at 10.00 am.

If you are unable to attend the meeting, you are encouraged to complete and return the enclosed proxy form. The completed proxy form must be received by the Company at its registered office at least 48 hours prior to the commencement of the meeting.

**AGENDA**

The following resolutions to be considered and, if thought fit, passed as ordinary resolutions at the General Meeting are explained in the attached Explanatory Memorandum.

**1. Sale of Eloise Copper Project**

*For the purposes of Section 208 of the Corporations Act, Listing Rules 10.1 and 11.2 and for all other purposes, Shareholders approve and authorise completion of the sale of the Eloise Copper Project to Barmenco Pty Ltd on the terms and conditions summarised in the Explanatory Memorandum.*

- *A report prepared by Grant Thornton Corporate Services (WA) Pty Ltd for the purposes of Section 208 of the Corporations Act and Listing Rules 10 and 11 accompanies this Notice of Meeting.*

**Voting exclusion statement**

*The Company will disregard any votes cast on a resolution by Barmenco Pty Ltd, any person who might obtain a benefit if the resolution is passed (except solely in their capacity as a shareholder) and an associate of any of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**2. Share Issue**

*For the purposes of Listing Rule 7.1, and for all other purposes, Shareholders authorise the Directors to allot and issue up to 100,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum.*

- *The shares issued will rank pari passu in all respects with the Company's existing fully paid ordinary shares.*
- *The Directors have not yet decided on the timing, pricing and likely participants for the planned issue.*
- *The shares are to be issued within 3 months of the date of this meeting or such later date as ASX may approve pursuant to a waiver of Listing Rule 7.3.2.*

**Voting exclusion statement**

*The Company will disregard any votes cast on a resolution by a person who may participate in the proposed issue and a person who might obtain a benefit if the resolution is passed (except solely in their capacity as a shareholder), and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**3. Ratification of Share Issue**

*For the purposes of Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 23,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum.*

**Voting exclusion statement**

*The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Snapshot Date**

The Directors have determined that for the purposes regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the persons eligible to attend and vote at the meeting are those persons who are Shareholders at 10am (Perth time) on Wednesday, 28 April 2004.

**Bodies Corporate**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

**Proxies**

In accordance with section 249L(d) of the Corporations Act, Shareholders are advised:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder 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 entitled to exercise.

If multiple proxies are appointed but no proportion of votes is specified, each proxy shall be entitled to vote an equal proportion of the votes attached to the Shareholder's Shares.

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

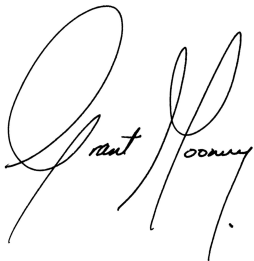
Registered Office: Level 1,  
16 Ogilvie Road  
MOUNT PLEASANT WA 6153  
Facsimile Number: (08) 9315 6449

An instrument appointing a proxy must be received at the above specified address no later than 48 hours prior to the commencement of this meeting. A completed proxy form may be sent by facsimile transmission to the number specified above and identified in the proxy form.

**Incorporation of Explanatory Memorandum**

The Explanatory Memorandum to Shareholders attached to this Notice of Meeting, is hereby incorporated into and forms part of this Notice of Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Grant Mooney', is written over a faint, larger signature that also appears to read 'Grant Mooney'.

Grant Mooney  
Company Secretary  
Dated 26 March 2004

**BREAKAWAY RESOURCES LIMITED**

**ABN 16 061 595 051**

**EXPLANATORY MEMORANDUM**

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**Resolution 1 – Sale of Eloise Copper Project**

**1.1 Introduction**

This meeting has been called to seek Shareholder approval to completion of the sale (*Transaction*) of the Company's copper mine located in Northern Queensland approximately 70km southeast of Cloncurry and located on the Mining Tenements (*Eloise Copper Project*) to Barmenco Pty Ltd ACN 009 411 349 as trustee of the Barmenco Unit Trust (*Barmenco*). The purpose of this Explanatory Memorandum is to provide information to explain the Transaction and to assist members to determine how to vote on the resolution required to approve the Transaction.

The Directors have commissioned the Independent Expert to prepare an Independent Expert's Report in relation to the Transaction. A copy of that report is attached to this Explanatory Memorandum and is incorporated in it.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in section 3.

**1.2 Overview**

On 26 January 2004 the Company entered into an agreement (*Sale Agreement*) to sell the Eloise Copper Project to Barmenco on a walk in, walk out basis. Under the Sale Agreement, Barmenco acquires at completion the Mining Tenements, the Stock and Supply, the Plant and Equipment, the Company's rights under any Material Contracts, cash and receivables as at the Effective Date and the Company's interest in moneys held as cash backing for any performance bonds with respect to the Eloise Copper Project. In consideration for that acquisition, Barmenco must:

- (a) release and discharge all debts and monetary liabilities of the Company to Barmenco, being liabilities in respect of the carrying out of underground mining services at the Eloise Copper Project (and at completion deliver releases of all securities held by it over the assets of the Company); and
- (b) assume the obligation to pay all trade liabilities incurred by the Company in the ordinary course of operation of the Eloise Copper Project, all liabilities of the Company under the Material Contracts, all employment benefits payable to any Employees, all royalty, rent and expenditure obligations and any native title, environmental and rehabilitation obligations (other than in relation to the Excluded Claims),

as at the Effective Date.

The total value of paragraphs (a) and (b) has been determined by the parties to be \$14,844,191 (*Purchase Price*).

The completion of the Transaction is subject to the following conditions precedent:

- **Governmental Agency approval:** all approvals necessary from all governmental agencies to the transactions contemplated by the Sale Agreement have been obtained;
- **approval of Barmenco financiers:** approval of Barmenco's financiers to the transactions contemplated by the Sale Agreement;
- **Rothschild approval:** approval of NM Rothschild & Sons (Australia) Limited to the transactions contemplated by the Sale Agreement;
- **due diligence:** Barmenco is satisfied with the results of its due diligence enquiries; and
- **compliance with listing rules and Corporations Act:** the Company has complied with listing rules 10.1, 11.1 and 11.2 of the ASX Listing Rules and chapter 2E of the Corporations Act in respect of the sale of the Mining Property under the Sale Agreement.

If any of the conditions listed above, other than the last, are not satisfied (or waived by the parties) on or before 26 February 2004 or the last condition is not satisfied within 75 days from the date Barmenco gives notice that it is satisfied with the due diligence, the Sale Agreement automatically terminates. At the date of this notice of meeting, none of the conditions have been satisfied but it is expected they will be prior to the date of the meeting. Shareholders will be advised via announcements in this regard.

The Company retains:

- (1) all of its right, title and interest to the Exploration Tenements; and
- (2) a royalty in an amount equal to 30% of the Net Profit in excess of the Purchase Price payable quarterly by Barmenco or, if the Eloise Copper Project is sold, 30% of the aggregate of the proceeds of sale and the Net Profit up to the date of Sale in excess of the Purchase Price.

The Company has also granted an option to Barmenco to acquire the Exploration Tenements at a price to be determined by the Independent Expert for a period of 3 years provided that it may only be exercised if Barmenco has received a

bona fide offer to purchase the Eloise Copper Project. Should the Company itself elect to sell the Exploration Tenements, Barmenco is granted a right of first refusal.

The Company gives limited warranties that it has capacity to enter into the Sale Agreement, its title to the Eloise Copper Project is lawful, valid and unencumbered, the Mining Tenements are in good standing, the mine site complies with the operating plan approved by the Queensland Department of Mines, it is not involved in any litigation (other than the Excluded Claims) and it is not aware of any interest, right or claim by a third party in relation to the Eloise Copper Project other than set out in the Sale Agreement. Barmenco warrants it has power, capacity and authority to enter into the Sale Agreement and that it has undertaken its own due diligence of the Eloise Copper Project.

During the period between the Effective Date and completion under the Sale Agreement, Barmenco has been given the day to day management of the Eloise Copper Project. Barmenco has also given appropriate indemnities and undertakings in favour of the Company for the duration of its management control. Further, if Shareholder approval is not obtained as contemplated by this Notice of Meeting, either party commits an act of insolvency, or either does not otherwise comply with the Sale Agreement (including, in Barmenco's case, obligations to act lawfully, honestly and in good faith in favour of the Company), the management arrangement will terminate.

### **1.3 Information requirements**

Below is set out a brief summary of Chapter 2E of the Corporations Act and Listing Rules 10.1 and 11.1.

(a) *Chapter 2E of the Corporations Act*

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. In particular, section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of it, the public company must:

- (i) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months after the approval.

A "financial benefit" is defined in the Corporations Act in broad terms and includes the disposal of an asset.

(b) *Listing Rule 10.1*

Listing Rule 10.1 provides that the Company must not dispose of a substantial asset to a substantial holder of Shares, without the approval of Shareholders. Barmenco is a substantial holder of Shares for the purposes of the Listing Rules and the Corporations Act. Listing Rule 10.10 provides that the notice of meeting that seeks approval must include a voting exclusion statement under which Barmenco and its associates must not vote and an independent expert's report which states whether the transaction is fair and reasonable to holders of the Company's Shares.

(c) *Listing Rules 11.1 and 11.2*

Listing Rule 11.1 provides, in summary, that if the Company which proposes to make a significant change to the nature or scale of its activities, the Company must provide full details to ASX as soon as practicable and, if ASX requires, as is the case here, the Company must obtain the approval of holders of the Company's securities. Listing Rule 11.2 also provides that if the significant change involves the Company disposing of its main undertaking, the Company must obtain the approval of shareholders.

### **1.4 Identity of Barmenco**

The Voting Power of Barmenco in the Company is 23.06% and Barmenco is therefore a substantial holder of the Company's Shares. Shareholders have previously been given background information in relation to Barmenco.

### **1.5 Persons who are Associates of Barmenco**

Mr Jon Young is a director of Barmenco and is therefore an associate of Barmenco. Mr Peter Bartlett and Bremerton Pty Ltd are also associates of Barmenco. No other Shareholder is an associate of Barmenco. In accordance with the voting exclusion statement included in the Notice of Meeting, any votes cast by Barmenco and its associates on resolution 1 will be disregarded.

## **1.6 Information requirements under Section 219**

It may be arguable that Barminco is a related party of the Company for the purposes of Chapter 2E of the Corporations Act due to its substantial holding and the common director it shares in Mr Young. Therefore, out of an abundance of caution, shareholder approval is being sought pursuant to section 208 of the Corporations Act to the Transaction.

The following information is provided to satisfy the requirements of Section 219 of the Corporations Act:

- (a) the proposed financial benefit to be given to Barminco is the sale to it by the Company of the Eloise Copper Project;
- (b) the non-associated Directors (being all of the directors other than Mr Young) unanimously recommend that Shareholders vote in favour of Resolution 1 for the reasons set out in item 1.10 below;
- (c) no non-associated Director has an interest in the outcome of the proposed resolution other than as a Shareholder in the Company; and
- (d) additional information in relation to Resolution 1 is included in the Independent Expert's Report and each Shareholder should read that report in its entirety before making a decision as to how to vote.

## **1.7 Substantial asset and main undertaking**

The asset value of the Eloise Copper Project as carried in the Company's books of account and determined by the Independent Expert's Report confirms that the Eloise Copper Project is a substantial asset for the purposes of Listing Rule 10.2. In addition, it is arguable that the asset value of the Eloise Copper Project relative to the total assets of the Company and the size of the revenues it generates relative to the other revenue generating activities of the Company, make it the main undertaking of the Company for the purposes of Listing Rule 11.2.

## **1.8 Financial information**

The impact of the Transaction on the statement of financial position of the Company as at 29 February 2004 (unaudited) is summarised as follows.

**CALCULATION OF PURCHASE CONSIDERATION AND  
ACCOUNTING PROFIT ON SALE OF ELOISE COPPER MINE**

		\$
<b>Purchase Consideration</b>		
Creditors	18,449,945	
Accruals	285,500	
Annual Leave Entitlements	116,388	
Long Service Leave	91,203	
Superannuation	18,498	
Less: Glencore Receivable	(2,666,953)	
Less: General Receivables	(1,199,844)	
Less: Performance Bond Deposit	(205,000)	
Less: Cash	(45,546)	
<b>TOTAL</b>		<u><u>14,844,191</u></u>
<b>Less: Assets Passed to Barmingo</b>		
Stock – Concentrates	643,524	
Stock - Eloise Reagents & Stocks	234,779	
Plant & Equipment	14,542,550	
Less: Accumulated Depreciation P & E	(12,555,978)	
Mine Properties (Tenement Acquisition)	13,747,854	
Less: Amortisation of Acquisition Costs	(11,477,554)	
Exploration Expenditure	3,479,201	
Less: Exploration Amortised	(2,816,496)	
<b>TOTAL</b>		<u><u>(5,797,880)</u></u>
<b>ACCOUNTING PROFIT ON SALE</b>		<u><u>9,046,311</u></u>

**BREAKAWAY RESOURCES LIMITED**  
**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 FEBRUARY 2004**

	<b>AS AT 29 FEB 2004 UNAUDITED \$</b>	<b>Adjustment for the Disposal of Eloise \$</b>	<b>PROFORMA 29 FEB 2004 UNAUDITED \$</b>
<b>CURRENT ASSETS</b>			
Cash assets	1,261,832	4,969	1,256,863
Receivables	5,047,166	4,841,729	205,437
Inventories	1,504,620	1,504,620	-
Other financial assets	26,250		26,250
Other	115,329	95,723	19,606
<b>TOTAL CURRENT ASSETS</b>	<b>7,955,196</b>	<b>6,447,041</b>	<b>1,508,155</b>
<b>NON CURRENT ASSETS</b>			
Receivables	683,210	205,000	478,210
Other financial assets	-		-
Property, plant and equipment	2,704,166	1,889,923	814,243
Exploration, evaluation and development expenditure	11,099,514	2,800,835	8,298,679
Other	-		-
<b>TOTAL NON CURRENT ASSETS</b>	<b>14,486,890</b>	<b>4,895,758</b>	<b>9,591,132</b>
<b>TOTAL ASSETS</b>	<b>22,442,086</b>	<b>11,342,798</b>	<b>11,099,287</b>
<b>CURRENT LIABILITIES</b>			
Payables	20,511,196	20,236,289	274,907
Interest-bearing liabilities	503,074	108,368	394,706
Other			-
Provisions	154,058	121,259	32,799
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,168,328</b>	<b>20,465,916</b>	<b>702,412</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	68,458	29,473	38,985
Provisions	2,618,751	83,752	2,534,999
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,687,209</b>	<b>113,225</b>	<b>2,573,984</b>
<b>TOTAL LIABILITIES</b>	<b>23,855,537</b>	<b>20,579,141</b>	<b>3,276,397</b>
<b>NET ASSETS</b>	<b>(1,413,452)</b>	<b>(9,236,342)</b>	<b>7,822,891</b>
<b>EQUITY</b>			
Contributed equity	54,021,988		54,021,988
Accumulated losses	(55,435,439)	(9,236,342)	(46,199,097)
<b>TOTAL EQUITY</b>	<b>(1,413,452)</b>	<b>(9,236,342)</b>	<b>7,822,891</b>

**Note:**

Assuming shareholders approve Resolution 2 - Approval for Share Issue, and

- i. if the Company successfully completes a share issue of 100,000,000 shares (being the maximum number of securities that can be issued pursuant to Resolution 2); and
- ii. if the share issue is undertaken at not less than 80% of the share price as at the date of this notice of meeting (latest share price being 5.3 cents on 26 March 2004),

then the Company can expect to raise gross proceeds of between \$4,240,000 and \$5,300,000. The impact of that share issue would be to increase the Company's cash reserves and issued capital by between \$4,240,000 and \$5,300,000 before costs of the issue.

**1.9 Independent Expert's Report**

The Board commissioned the Independent Expert to prepare the Independent Expert's Report to consider whether the terms of the Transaction the subject of Resolution 1 are fair and reasonable to the non-associated shareholders of the Company. The Independent Expert's Report is attached to this Explanatory Memorandum as the Annexure.

In summary, the Independent Expert has stated in the Independent Expert's Report that, in its opinion, the Transaction is fair and reasonable at the preferred value having regard to the interests of the non-associated shareholders of the Company.

To the best of the Director's knowledge, all matters that are material and necessary for Shareholders to make an informed decision on Resolution 1 have been provided to members in this Explanatory Memorandum and the Independent Expert's Report.

**1.10 Advantages and disadvantages**

The Board considers that the advantages to members as a result of the Transaction are:

- (a) management will be able to focus on the Company's other assets;
- (b) eliminate the working capital outflow that has had a negative impact on the Company's ability to achieve its exploration and development objectives;
- (c) maintains the Company's potential upside in the Exploration Tenements held around the existing Eloise Copper Project;
- (d) gives the Company the opportunity to participate in operational upside at the Eloise Copper Project on a royalty basis;
- (e) removes the interest burden and accrued debt payable to Barmenco; and
- (f) eliminates the Company's exposure to ongoing rehabilitation and other obligations at the Eloise Copper Project (excluding the Excluded Claims).

The Board has also considered the advantages and disadvantages set out in Section 7.3 of the Independent Expert's Report and agrees with those findings.

The Board have identified the possible disadvantages or risks associated with the Transaction being movements in the Copper price or foreign exchange fluctuations that could improve the performance of the Eloise Copper Project to an extent that it could make a positive contribution to profit. Although in this regard, it should be noted that the Company retains both a 30% net profit interest (on the terms referred to above in section 1.2) and the exploration potential in the area surrounding the Eloise Copper Project. Further information regarding the advantages and disadvantages of the Transaction is contained in the Independent Expert's Report.

**1.11 Timetable**

A timetable for implementation of the Transaction is set out below. It should be noted that the date for completion is indicative only and subject to change.

Latest date for return of proxies	10.00 am on 28 April 2004
Snapshot time	10.00 am on 28 April 2004
Meeting Date	10.00 am on 30 April 2004
Completion of Sale	on or about 7 May 2004

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## Resolution 2 –Share Issue

The Company wishes to issue up to 100,000,000 Shares, at an issue price of at least 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded before the date on which the issue is made.

Resolution 2 seeks Shareholder approval for the offer and issue of the Shares for the purpose of Listing Rule 7.1. Subject to certain exceptions, Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval. However, issues of equity securities made with the prior approval of the shareholders in a general meeting are not subject to this restriction and will not be counted as part of the 15% limit.

Accordingly, if Shareholders approve the proposed issue of Shares, those securities will not be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period.

In accordance with the requirements of Listing Rule 7.3, the following information is provided to members to allow them to assess the proposed issue of Shares:

- (a) The maximum number of Shares to be issued pursuant to Resolution 2 is 100,000,000 Shares.
- (b) The issue of the Shares will occur no later than 3 months after the date of the Meeting, or such longer period as ASX may approve in the event that the Company applies for a waiver of Listing Rule 7.3.2.
- (c) The Directors presently intend to issue the Shares pursuant to Resolution 2 as one allotment. However, they reserve the right to allot the Shares progressively.
- (d) The issue price of a Share will be at least 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded before the date on which the issue is made in accordance with Listing Rule 7.3.3.
- (e) The identity of the allottees is not known at the date of this Notice of Meeting however none of these will be related parties to the Company or their associates.
- (f) The Shares to be issued pursuant to Resolution 2 will, from the date of issue, rank equally with, and enjoy the same rights as, all other Shares on issue.
- (g) The funds raised pursuant to the issue of Shares will be applied toward exploration expenditure and programs at the Company's Spargoville nickel project including feasibility study at the 5A and 5B deposits, the Bannockburn Gold Project and for general working capital purposes.

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## Resolution 3 – Ratification of Previous Share Issue

This resolution seeks Shareholder ratification of the issue 23,000,000 Shares at an issue price of \$0.048 per Share made on 23 February 2004.

As described in the explanatory material for Resolution 2, subject to certain exceptions, Listing Rule 7.1 limits the number of equity securities the Company may issue in any 12 month period without Shareholder approval to 15% of Shares on issue at the commencement of that period. The exception to this rule contained in Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of Shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby "refreshing" the Company's ability to issue shares within the 15% limit, and restoring the Company's ability to make placements within that limit (if that is thought desirable) without the need for Shareholder approval.

While the Shares described in Resolution 3 were issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4, so that the Company's ability to issue securities will be "refreshed" and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of Resolution 3:

- The Shares the subject of Resolution 3 were issued and allotted on 23 February 2004 as follows:

<b>Allottee</b>	<b>Number of Shares</b>
Redmont Resources Pty Ltd	2,000,000
Mr Allan Stanley Hahn and Mr S Daphne Hazel Hahn	1,000,000
Mr Jeffrey Hogan	1,000,000
Green Drilling Pty Ltd	3,000,000
Mr Gary John Berrell	2,000,000
Mr Paul Charles Berrell	200,000
Mr John D'Abbondio	400,000
Mr Alban Horst Hasslinger	1,100,000
Mr Shane Tate and Ms Jane Atkinson	200,000
Riverview Corporation Pty Ltd	200,000
Mooney & Partners Pty Ltd	1,190,000
Tao Yuan Limited	410,000
Finance Associates Pty Ltd	1,000,000
Kahala Holdings Pty Ltd	200,000
Cheetah Holdings Pty Ltd	420,000
Oldd Pty Ltd	200,000
Bayonet Investments Pty Ltd	400,000
Future Super Pty Ltd	200,000
Nicholls Nominees Pty Ltd	200,000
Mr Ian Alexander MacLiver	400,000
Harman Nominees Pty Ltd	400,000
B B Holdings Pty Ltd	400,000
Mr Desmond Chund Seng Chiong	700,000
Mr Murray James McGill and Mrs Suzanne Appel McGill	500,000
Mr Daniel Appel	500,000
Yulgering 1992 Pty Ltd	300,000
Mr Richard Taunton Saunders	200,000
Ian Willock Nominees Pty Ltd	200,000
Alsen Pty Ltd	200,000
Mr Thomas Andrew Lang	1,400,000
Troyward Pty Ltd	1,600,000
Bruce Birnie Pty Ltd	400,000
Mr Cecil Hoffman and Mrs Norma Hoffman	250,000
Karari Australia Pty Ltd	230,000

- None of the allottees are related parties to the Company or their associates.

- The Shares issued are fully paid ordinary shares that rank equally in all respects with existing Shares.
- The funds raised by the issue of the Shares the subject of Resolution 3 have, and will be, applied toward exploration expenditure and programs at the Company's Spargoville nickel project including feasibility study at the 5A and 5B deposits, the Bannockburn Gold Project and for general working capital purposes.

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## Glossary

**Barmenco** means Barmenco Pty Ltd ACN 009 411 349 as trustee of the Barmenco Unit Trust.

**Board** means the board of Directors of the Company.

**Company** means Breakaway Resources Limited ABN 16 061 595 051.

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

**Directors** means directors of the Company.

**Explanatory Memorandum** means this explanatory memorandum.

**Exploration Tenements** means the Queensland mining tenements with numbers Exploration Permit 4775, Exploration Permit 8675, Exploration Permit 9128, Exploration Permit 13923, Exploration Permit 13948 and Exploration Permit 14472.

**Effective Date** means 27 January 2004.

**Employees** means the employees of the Company at the Eloise Copper Project.

**Excluded Claims** means workers compensation claims made by Mr B J Revell and S P Mouat, employees of the previous mining contractor at the Eloise Copper Mine, against the Company.

**Independent Expert** means Grant Thornton Corporate Services (WA) Pty Ltd ABN 71 009 134 427.

**Independent Expert's Report** means the report dated the same date as this notice of meeting by the Independent Expert which is annexed to this notice of meeting.

**Listing Rules** means the Listing Rules of Australian Stock Exchange Limited.

**Material Contracts** means:

- (a) the Eloise Electricity Supply Agreement with Australia Texas Energy Pty Ltd, Texas Australia Energy Ltd dated 12 May 2003;
- (b) the Offtake Agreement with Glencore International AG dated 3 October 2002 with Amendments 1,2,3 and 4 (pending);
- (c) the Concentrate Storage and Shiploading Agreement dated 20 December 1995 with MIM Limited. Proposal for extension from 31 December 2003 to 31 December 2006 under negotiation with Xstrata;
- (d) the Eloise Rail Haulage Agreement with RJ Kiernan Tipping Transport, undated and unexecuted, expires 30 June 2004;
- (e) the Services Agreement - Catering and Cleaning Contract with Compass Limited (ex Eurest) dated in or about May 2003;
- (f) the Services Agreement - Air Charter with MacAir dated in or about September 2003;
- (g) the Access and Compensation Agreements with each of Jefferies, Allen, Batt, McKinley Shire;
- (h) the Services Agreement with Orion Satellite Systems dated 10 June 2003;
- (i) the Services Agreement with State of Queensland through TQ Mining Services (TAFE Qld) dated 11 August 2003; and
- (j) the Enterprise bargaining agreement signed in or about May 2003 in relation to the Eloise Project between BRW and the Employees.

**Mining Tenements** means the Queensland mining tenements with numbers ML 90064, ML 90080, ML 90086 and ML 90155 together with all associated mining information.

**Net Profit** means the gross value of mineral sold from the Eloise Copper Project less the operating costs (including the costs of engaging a mining contractor on a cost plus 10% basis) of the Eloise Copper Project calculated in accordance with generally accepted Australian accounting standards.

***Plant and Equipment*** means the mining plant and equipment (including, without limitation, the mill) and campsite, fixed or mobile, including chattels located on the Mining Tenements on the Effective Date.

***Share*** means an ordinary share in the capital of the Company.

***Shareholder*** means a registered member of the Company.

***Stock and Supply*** means the mining stock and supply and spares located on the Mining Tenements at the Effective Date.

***Voting Power*** is defined in section 610 of the Corporations Act and means the total number of votes attached to all the voting shares in the Company of a person and their associates as a percentage of the total voting shares of the Company.