



breakaway

BREAKAWAY RESOURCES LIMITED

ABN 16 061 595 051

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

FRIDAY, 28 NOVEMBER 2008

2.30 PM

AT

**THE CELTIC CLUB
48 ORD STREET
WEST PERTH
WESTERN AUSTRALIA**

Notice is hereby given that the Annual General Meeting of Breakaway Resources Limited ("the Company") will be held at The Celtic Club, 48 Ord Street West Perth, Western Australia on Friday, 28 November 2008, at 2.30 pm.

AGENDA

FINANCIAL REPORT

To table the Annual Financial Report of the Company for the year ended 30 June 2008 and the related Director's Report, Director's Declaration and Audit Report thereon.

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes the various matters to be considered at the Annual General Meeting. Shareholders should read the Explanatory Memorandum before deciding how to vote.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report as contained in the Directors' Report for the year ended 30 June 2008 be adopted."

Note – section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors of the Company.

RESOLUTION 2 – RE-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 retired from the office of Director by rotation in accordance with Listing Rule 14.4 and paragraph 9.1 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director, is hereby re-elected as a Director of the Company with immediate effect."

RESOLUTION 3 – RATIFICATION OF PREVIOUS ISSUE OF SHARES

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

"For the purposes of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue of 10,000,000 Shares at an issue price of 20 cents per Share to Abbotsleigh Pty Ltd on the terms and conditions set out in the Explanatory Memorandum that accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on a resolution by any person who participated in the issue and any associates 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.

RESOLUTION 4 – RATIFICATION OF PREVIOUS ISSUE OF OPTIONS

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issue of 1,125,000 Options under the Employee Option Scheme to the persons and on the terms and conditions set out in the Explanatory Memorandum that accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on a resolution by any person who participated in the issue and any associates 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.

RESOLUTION 5 – REMUNERATION OF DIRECTORS

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

“That in accordance with paragraph 9.3 of the Constitution and Listing Rule 10.17, and for all other purposes, Shareholders approve an increase of \$150,000 per annum (in aggregate) in the payment of remuneration to the non-executive Directors of the Company, to a total fixed sum of \$400,000 per annum (in aggregate).”

Voting Exclusion Statement

The Company will disregard any votes cast on a resolution by the Directors and any 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.

RESOLUTION 6 – APPROVAL OF EMPLOYEE OPTION SCHEME

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

“That, for the purpose of Listing Rule 7.2 exception 9 and for all other purposes, Shareholders approve the Employee Option Scheme, the terms and conditions of which are summarised in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on a resolution by any person who may participate in the issue and any associates 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.

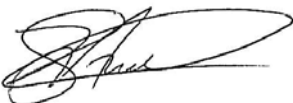
OTHER BUSINESS

To transact any other business which may be properly brought before the meeting in accordance with the Constitution of the Company and the Corporations Act.

REQUIRED MAJORITIES

Resolutions 1 to 6 are ordinary resolutions and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the Resolutions.

By order of the Board



Trevor G Hart
Company Secretary
20 October 2008

PROXIES

In accordance with Section 249L(d) 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. If no proportion or number is specified then in accordance with section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

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,
 15 Rheola Street
 West Perth WA 6005

Facsimile Number: (08) 9278 6449

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 Annual General Meeting. This proxy form may be sent by facsimile transmission to the number identified on the proxy form.

For the purposes of Regulation 7.11.37 of the Corporations Regulations, the Company determines that ordinary shares held at 5.00pm, 26 November 2008 will be taken, for the purposes of the Annual General Meeting, to be held by the person who held them at that time.

Notes

1. If a proxy form is signed or authenticated by an appointer's power of attorney, the power of attorney or a certified copy thereof (if any) under which it is signed must accompany the proxy form and be received by Breakaway Resources Limited, Level 1, 15 Rheola Street, West Perth WA 6005, not later than 48 hours before the appointed time of the Annual General Meeting.
2. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Act or under the hand of its attorney. In the case of a sole director/secretary company, please indicate "sole director" in the space provided.
3. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
4. If two proxies are appointed, you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made. A separate proxy must be completed for each proxy.
5. If you need any further information about this form or attendance at the Annual General Meeting, please contact Trevor Hart on (08) 9278 6444.

EXPLANATORY MEMORANDUM

The Notice of Meeting and Explanatory Memorandum should be read in their 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 ("**Breakaway**" or "**the Company**") in connection with the business to be conducted at the Annual General Meeting to be held at the Celtic Club, 48 Ord Street West Perth, Western Australia on Friday, 28 November 2008, at 2.30 pm.

At the Annual General Meeting, Shareholders will be asked to pass resolutions:

- (a) To adopt the Remuneration Report;
- (b) Authorising the re-election of Mr Jon Young as a Director of the Company;
- (c) Ratifying the previous issue of 10,000,000 Shares;
- (d) Ratifying the previous issue of 1,125,000 Options under the Employee Option Scheme;
- (e) Authorising an increase of the non-executive Directors' fees payable in aggregate to the non-executive Directors from \$250,000 per annum to \$400,000 per annum; and
- (f) Approving the Employee Option Scheme.

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass these resolutions. It explains the resolutions and identifies the Board's reasons for putting them to Shareholders. This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

Defined terms in this Explanatory Memorandum and accompanying Notice of Annual General Meeting have, unless provided otherwise, the meaning given by the Glossary.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

Section 298 of the Corporations Act requires the annual Directors' Report to contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors and Executive Directors and is set out within the Directors' Report of the Company's 2008 Annual Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Section 250R of the Corporations Act requires that the Remuneration Report be put to the vote at the Company's Annual General Meeting. The vote on the resolution is advisory only and does not bind the Directors or the Company.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

RESOLUTION 2: RE-ELECTION OF DIRECTOR

ASX Listing Rule 14.4 provides that a Director must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or 3 years, whichever is longer. Rule 9.1 of the Company's Constitution require that at an Annual General Meeting one-third of Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

In accordance with the ASX Listing Rules and Company's Constitution, Mr Jon Young retires as a Director of the Company and being eligible, offers himself for re-election as a Director of the Company.

All Directors with the exception of Mr Young recommend Shareholders approve this Resolution.

RESOLUTION 3: RATIFICATION OF PREVIOUS ISSUE OF SHARES

This resolution seeks Shareholder ratification of the previous issue 10,000,000 Shares at an issue price of \$0.20 per Share made on 2 October 2008 in order to raise funds for ongoing exploration expenses and any associated working capital requirements.

Subject to certain exceptions, Listing 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.

Listing Rule 7.4 enables a company to restore its ability to issue securities within the 15% annual limit by obtaining shareholder ratification of an issue previously made within that limit. The Company seeks Shareholder ratification of the previous issue of 10,000,000 Shares for the purposes of Listing Rule 7.4, so that the Company's ability to issue securities will be restored and it will have the flexibility to issue further securities should the need or opportunity arise.

For the purposes 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 this Resolution:

- A total of 10,000,000 Shares were issued on or 2 October 2008.
- The Shares were issued at \$0.20 per Share raising gross proceeds of \$2,000,000.
- The Shares, the subject of this Resolution, were issued and allotted to Abbotsleigh Pty Ltd.
- 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.

RESOLUTION 4: RATIFICATION OF PREVIOUS ISSUE OF OPTIONS UNDER THE EMPLOYEE OPTION SCHEME

This resolution seeks Shareholder ratification of the previous issue of 1,125,000 Options on 30 July 2008 pursuant to the Employee Option Scheme.

Listing Rule 7.1 provides that an entity must not issue or agree to issue more than 15% of its total equity securities without the approval of Shareholders, unless one of the exceptions in Listing Rule 7.2 applies. An issue of equity securities under an employee option scheme will fall within exception 9 of Listing Rule 7.2 if, within 3 years before the date of issue Shareholders approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

As the Employee Option Scheme has not been approved by Shareholders since 2003, the issue of these Options does not fall within exception 9 of Listing Rule 7.2.

However, Listing Rule 7.4 enables a company to restore its ability to issue securities within the 15% annual limit by obtaining shareholder ratification of an issue previously made within that limit. The Company seeks Shareholder ratification of the previous issue of 1,125,000 Options for the purposes of Listing Rule 7.4, so that the Company's ability to issue securities will be restored and it will have the flexibility to issue further securities should the need or opportunity arise.

For the purposes 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 this Resolution:

The following information is provided for the purposes of Listing Rule 7.4:

- (a) 1,250,000 Options were issued;
- (b) The Company issued the Options for no consideration and therefore no funds were raised as a result of the issue. A total of \$725,000 will be raised if the Options are exercised in full;
- (c) The Options are exercisable at a price of \$0.58 on or before 30 July 2011;

(d) The names of the persons to whom the Options were allotted are:

(i)	Andrew Pelecanos:	25,000 Options
(ii)	Brett Thomas:	100,000 Options
(iii)	David Hutton:	250,000 Options
(iv)	David Russell:	50,000 Options
(v)	Fergus O'Brien:	100,000 Options
(vi)	Jane Coll:	200,000 Options
(vii)	Kirsten Barlow:	25,000 Options
(viii)	Nina Mas:	25,000 Options
(ix)	Shane Delany:	100,000 Options
(x)	Trevor Hart:	250,000 Options

RESOLUTION 5: REMUNERATION OF DIRECTORS

A review of the non-executive Directors remuneration across the ASX has highlighted the need to increase the remuneration available to be paid to the non-executive Directors.

In accordance with its remuneration policy, the Company seeks to remunerate in a fashion that motivates the Directors to pursue the long term growth and success of the Company within the appropriate control framework that demonstrates a clear relationship between Director performance and remuneration.

Shareholder approval is sought pursuant to Listing Rule 10.17 and paragraph 9.3 of the Constitution of the Company to increase the maximum remuneration payable to non-executive Directors by \$150,000 per annum.

Should this resolution be approved, the maximum amount of remuneration payable by the Company in return for the ordinary services of the non-executive Directors will be a total of \$400,000 per annum, which will be divided between the non-executive Directors as the Board sees fit. The Board initially intends to keep the remuneration of the non-executive Directors at an amount of \$49,050 per annum (inclusive of the 9% superannuation guarantee). The Chairman received up to \$76,300 (inclusive of the 9% superannuation guarantee).

The increase in the remuneration payable will allow the Company to respond to market forces in relation to the remuneration of its non-executive Directors and also consider the appointment of additional non-executive Directors in the future.

RESOLUTION 6: APPROVAL OF EMPLOYEE OPTION SCHEME

The Company has an established Employee Option Plan that was approved by Shareholders on 28 November 2003. Since that date, the Company has issued 7,675,000 Options under the Employee Option Scheme.

Listing Rule 7.1 provides that an entity must not issue or agree to issue more than 15% of its total equity securities without the approval of Shareholders, unless one of the exceptions in Listing Rule 7.2 applies. An issue of equity securities under an employee option scheme will fall within exception 9 of Listing Rule 7.2 if, within 3 years before the date of issue Shareholders approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

In order to allow the Company to issue equity securities under the Employee Option Scheme in the future, Shareholder approval of the Employee Option Scheme is sought pursuant to Listing Rule 7.2 exception 9.

The Company's Employee Option Plan is contained in Annexure A to this Explanatory Memorandum.

GLOSSARY

Annual General Meeting means the meeting of Shareholders called by the notice of meeting which this Explanatory Memorandum forms part.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

Board means the board of Directors of the Company.

Breakaway means Breakaway Resources Limited (ABN 16 061 595 051).

Company means Breakaway Resources Limited (ABN 16 061 595 051).

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Employee Option Scheme means the Company's employee option scheme as set out in Annexure A to this Explanatory Memorandum.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the Listings Rules of the ASX.

Options mean an option to subscribe for a Share.

Notice of Meeting means the notice of meeting which this Explanatory Memorandum forms part.

Resolution means a resolution to be considered by the Shareholders at the Annual General Meeting.

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

Shareholder or member means a registered member of the Company.

ANNEXURE A
EMPLOYEE OPTION SCHEME

BREAKAWAY RESOURCES LIMITED

ABN 16 061 595 051

Employee Option Scheme

TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these Terms and Conditions:

“**ASIC**” means the Australian Securities and Investments Commission.

“**Associate**” of an Employee means:

- (a) a spouse, parent, brother, sister or child of the Employee (“**Relative**”);
- (b) a body corporate that is effectively controlled by one or more of the Employee and any relatives of the Employee; or
- (c) the trustee of a trust that is effectively controlled by one or more of the Employee and any relatives of the Employee.

“**ASX**” means Australian Stock Exchange Limited.

“**Board**” means the board of directors of the Company.

“**Class Orders**” means ASIC Class Orders 00/220, 00/221, 00/223 and 03/184 as amended, varied, supplemented and replaced from time to time.

“**Company**” means Breakaway Resources Limited.

“**Employee**” means:

- (a) a full-time or part-time employee (as that term is defined in section 221A of the Tax Act) of the Company; or
- (b) a director of the Company.

“**Exercise Period**” for Options issued under these Terms and Conditions shall be at the discretion of the Board but may not exceed the earlier of:

- (a) 3 years from the date of issue of the Options; and
- (b) such period (if any) from the date of issue of the Options as is specified by the Corporations Act, the Class Orders or the Listing Rules.

“**Exercise Price**” per Share in respect of each Option 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 and specified in the Offer Notice.

“**Listing Rules**” means the Official Listing Rules of ASX.

“**Market Value**” of a Share means:

- (a) the weighted average price of all on market share sales over the 30 days preceding the date the offer of Options is made to the Participant; or
- (b) if the Board adopts another method for determining the market value – the value determined under that method.

“**Option**” means an option to subscribe for Shares issued under the Scheme.

“**Option Acceptance Form**” means a form substantially in accordance with the form set out in Annexure A to these Terms and Conditions by which an Employee accept an offer of Options made by the Company under the Scheme.

“**Participant**” means:

- (a) an Employee who personally holds an Option; or
- (b) a nominated Associate of an Employee;

“**record date**” has the same meaning as in the Listing Rules.

“**Redundancy**” means any situation where the requirements of the Company for an Employee to carry out a particular kind of work (given his or her particular skills) or to carry out certain work in a particular place, have ceased or diminished (or are likely to do so), but does not extend to the dismissal of an Employee for personal or disciplinary reasons, including for reasons of misconduct or unsatisfactory performance, or where an Employee leaves of his or her own accord.

“**Retirement**” in relation to an Employee, means retirement by that Employee from employment with the Company at age 55 or over.

“**Scheme**” means the Breakaway Resources Limited Employee Option Scheme constituted by these Terms and Conditions.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Tax Act**” means the Income Tax Assessment Act 1936 (Cth).

“**Terms and Conditions**” means these terms and conditions as amended from time to time.

“**Total and Permanent Disablement**” means that the participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

- 1.2 Words imparting the singular include the plural and vice versa and words denoting a gender include all other genders.

2. ISSUE OF OPTIONS

Eligibility

- 2.1 The Board may offer Options to an Employee having regard to:
- (a) the potential contribution of the Employee to the Company; and
 - (b) any other matters the Board considers relevant,
 - (c) provided that the issue of Options:
 - (d) is in accordance with these Terms and Conditions as amended from time to time; and
 - (e) complies with the requirements of the Corporations Act, the Class Orders and the Listing Rule.

Offer of Options

- 2.2 An offer of Options under clause 2.1 shall be made by the Board to the Employee by way of notice in writing (“**Offer Notice**”).
- 2.3 The Offer Notice shall specify:
- (a) the name and address of the Employee to whom the offer is made;
 - (b) the number of Options being offered to the Employee;
 - (c) the Exercise Price per Share;
 - (d) the Exercise Period;
 - (e) the time period for acceptance of the offer; and
 - (f) any other terms and conditions applicable to the offer.
- 2.4 An Option Acceptance Form and a copy of these Terms and Conditions shall be delivered with the Offer Notice.

Nomination of Associate

- 2.5 Upon receipt of an Offer Notice an Employee may nominate an Associate to be the person issued with those Options. The Board may, in its absolute discretion, resolve not to issue Options to a nominated Associate without giving any reason.

Acceptance of offers

- 2.6 An Employee or nominated Associate may accept an offer of Options within the time specified in the Offer Notice. No payment is required to accept the offer.

Issue of Options

- 2.7 Options must be issued in accordance with these Terms and Conditions and each Participant will be taken to have agreed to be bound by these Terms and Conditions on the issue of any Options.

- 2.8 The Company must issue each Participant or nominated Associate with an Option certificate indicating the number of Options issued and the exercise price of the Options.
- 2.9 The Board retains the right to withdraw an offer of Options at any time prior to issuing the Options.

3. MAXIMUM NUMBER OF OPTIONS

The Board may not offer Options under this Scheme if the total number of Shares the subject of the Options, when aggregated with:

- (a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and
- (b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employer or executive share scheme, (disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

4 ENTITLEMENT

- 4.1 Subject to clauses 8 and 9, each Option entitles the holder to subscribe for and be allotted, credited as fully paid, one Share at the Exercise Price.
- 4.2 Subject to these Terms and Conditions, the Company must allot Shares on exercise of an Option, in accordance with the Listing Rules.
- 4.3 Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue.

5 EXERCISE OF OPTIONS

- 5.1 An Option is exercisable by the holder lodging with the Company a notice to exercise the Option and application for Shares in a form approved by the Company, together with payment of the applicable Exercise Price and the relevant Option certificate at any time during the applicable Exercise Period.
- 5.2 Options must be exercised in multiples of 100, unless the holder exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.
- 5.3 Subject to clauses 5.4 to 5.7 inclusive, an Option that has not lapsed may be exercised at any time during the applicable Exercise Period.
- 5.4 If the employment of an Employee for whom Options have been issued under these Terms and Conditions ceases because of Retirement, Total and Permanent

Disablement, Redundancy, death or any other circumstances approved by the Board, the Options issued in relation to the employment of that Employee may be exercised within 30 days (or 3 months, in the case of death) or any longer period permitted by the Board after cessation of that employment. If not exercised within that period, the Options lapse.

5.5 If the employment of an Employee for whom Options have been issued under these Terms and Conditions ceases and clause 5.4 does not apply, those Options lapse.

5.6 If the Board determines that:

(a) a Participant or the Employee for whom Options have been issued to a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company; and

(b) Options issued in relation to the Participant are to be forfeited,

(c) the Options will immediately lapse.

6. TRANSFER

Options may only be transferred with the approval of the Board. Options will not be quoted on ASX.

7. QUOTATION OF SHARES

The Company will make application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

8. PARTICIPATION IN FUTURE ISSUES

8.1 If the Options are exercised before the record date of an entitlement, a Participant can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify each Participant of the proposed issue at least nine (9) business days before the record date. Participants do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

8.2 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder (including the number of Options, the exercise price of Options or both) will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

8.3 The Options will not give any right to participate in dividends until shares are allotted pursuant to the exercise of the relevant Options.

8.4 In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reconstructed in accordance with the Listing Rules.

8.5 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options. The effect will be that upon exercise of the Options the number of Shares received by the Participant will include the number of bonus Shares that would have been issued if the Options had been

exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.

- 8.6 The Company shall notify each Participant and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.

9. ADVICE

The Company must give notice to each Participant of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the exercise price per Share, in accordance with the Listing Rules.

10. NOTICES

Notices may be given by the Company to the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to Participants.

11. RIGHT TO ACCOUNTS

Participants will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

12. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding any Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act and the Listing Rules.

13. ADMINISTRATION OF THE SCHEME

- 13.1 The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.

- 13.2 Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

- 13.3 Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.

- 13.4 The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

14. AMENDMENTS AND TERMINATION OF SCHEME

- (a) Subject to and in accordance with the Listing Rules (including the terms of any waiver granted under the Listing Rules), the Board may from time to time, with shareholder approval, amend (including the power to revoke, add to or vary) all or any of the provisions of the Rules in any respect whatsoever, by an instrument in writing and the shareholders may approve that any such amendment shall apply retrospectively.
- (b) The Scheme may be terminated or suspended at any time by resolution of the Board but any termination or suspension shall not effect the rights of any Participant existing at the date of termination or suspension.

15. RIGHTS OF PARTICIPANTS

Nothing in these Terms and Conditions:

- (a) confers on any Employee, Consultant or Associate the right to receive any Options;
- (b) confers on any Participant the right to continue as an Employee or a Consultant;
- (c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Employee or any contract with any Consultant; or
- (d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

16. QUOTATION OF OPTIONS

The Company will not seek quotation on ASX of Options issued pursuant to the Scheme.

17. TAX LIABILITY

The Company shall have no liability for any tax imposed on any Employee, Consultant or Associate as a result of any issue of Options pursuant to the Scheme.

18. GOVERNING LAW

The rights and obligations pursuant to this Scheme shall be construed in accordance with the laws of Western Australia.

19. GRIEVANCE PROCEDURES

- 19.1 If any grievance arises between the Company and any Participant, it must be dealt with in the following manner:
 - (a) The matter must first be discussed with the Managing Director and the Participant;
 - (b) If the matter is not resolved, the parties shall submit the matter to an agreed mediator for the purposes of conciliation and mediation in which case costs shall be borne equally between the Company and the Participant;

- (c) If the matter is not resolved to the satisfaction of both parties in accordance with clause 19.1(b), the Company and the Participant shall submit the dispute to arbitration in accordance with clause 19.2.
- (d) The Company and the Participant shall ensure that the procedures to be followed pursuant to this clause are carried out expeditiously and in any event within 30 days of any grievance arising.

19.2 If agreement cannot be reached in accordance with the procedures outlined in clause 19.1, then the dispute shall be determined by an arbitrator determined by agreement of the parties and if agreement cannot be reached, by an arbitrator appointed by the President of the Law Society of Western Australia. The arbitration shall be carried out in accordance with the provisions of the Commercial Arbitration Act 1985 (Western Australia) and the determination of the arbitrator shall be final and binding.



breakaway

Breakaway Resources Limited
ABN 16 061 595 051

000001 000 BRW
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Breakaway Resources Limited
Level 1, 15 Rheola Street West Perth
Western Australia 6005 Australia

Alternatively you can fax your form to
+61 8 9278 6449

For all enquiries call:

(within Australia) (08) 9278 6444
(outside Australia) +61 8 9278 6444

Proxy Form

For your vote to be effective it must be received by 2.30pm (WST) Wednesday 26 November 2008

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View the annual report:

www.breakawayresources.com.au/investor_relations/annual_reports.phtml

Access the annual report

Update your securityholding 24 hours a day, 7 days a week:

www.investorcentre.com

Review & update your securityholding

Your secure access information is: **SRN/HIN: I999999999**



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Breakaway Resources Limited hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate 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 The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 28 November 2008 at 2.30pm (WST) and at any adjournment of that meeting.

Important for Resolutions 3 to 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolutions 3 to 6 below, please mark the box in this section. 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 Resolutions 3 to 6 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 3 to 6 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of the Resolutions and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



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

		For	Against	Abstain
Resolutions 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Jon Young as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Previous Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Remuneration of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Employee Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____