



breakaway

BREAKAWAY RESOURCES LIMITED

ABN 16 061 595 051

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

WEDNESDAY, 21 NOVEMBER 2007

2.30 PM

AT

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

BREAKAWAY RESOURCES LIMITED
NOTICE OF MEETING

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 Wednesday, 21 November 2007, at 2.30 pm.

AGENDA

FINANCIAL REPORT

To table the Annual Financial Report of the Company for the year ended 30 June 2007 and the related Director's Report, Director's Declaration and Audit Report thereon.

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 for the year ended 30 June 2007 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 ~ ELECTION OF MR JOHN KING ATKINS AS A DIRECTOR

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

"That Mr John King Atkins, who was appointed a Director of the Company on 24th November 2006 and who, pursuant to the Constitution of the Company, retires at the end of this meeting and who, being eligible to be re-elected as a Director of the Company, be re-elected a Director of the Company with immediate effect."

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

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

"That Mr Gary Connell having retired from the office of Director by rotation in accordance with the Constitution of the Company and who, being eligible, offers himself for re-election as a Director, and is hereby re-elected as a Director of the Company with immediate effect."

RESOLUTION 4 ~ ISSUE OF OPTIONS TO MR PETER BUCK

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

"For the purpose of ASX Listing Rule 10.11, section 195(4) and Part 2E.1 of the Corporations Act and for all other purposes, the Shareholders authorise the Directors to allot and issue 750,000 options to subscribe for Shares in the Company to Mr Peter Buck on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement

In accordance with section 224 of the Corporations Act and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on this Resolution by:

- Mr Peter Buck; and
- an associate of Mr Buck

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 the 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.

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NOTICE OF MEETING

REQUIRED MAJORITIES

Resolutions 1 to 4 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.

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. 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

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 Regulation 7.11.37 of the Corporations Regulations the Company determines that members holding ordinary shares at 5.00 pm, 19 November 2007 will be entitled to attend and vote at the General Meeting.

By order of the Board



Grant J Mooney
Company Secretary
5th October 2007

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 ("**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 Wednesday, 21 November 2007, at 2.30 pm.

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

The Remuneration Report which details the Company's policy on the remuneration of non-executive directors and executive directors is set out within the Directors' Report of the Company's 2007 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.

RESOLUTION 2: ELECTION OF DIRECTOR

Mr John Atkins was appointed as a Director on 24th November 2006. Pursuant to rule 9.1(e)(1) of the Constitution of the Company, Mr Atkins' is required to retire on the conclusion of the general meeting of the Company following his appointment. As a result, Resolution 2 seeks the approval of Shareholders to the re-election of Mr Atkins as a Director.

John is one of Perth's most experienced corporate lawyers, with a career spanning more than 25 years and encompassing experience within numerous sophisticated financing and corporate transactions.

He is currently a senior partner with national law firm Freehills and head of the firm's Perth office. His distinguished career with Freehills has seen him hold several senior roles within the firm. John holds a Bachelor of Laws from the University of Western Australia and a Masters of Law from London University. He is currently a director PearlStreet Limited, Lions Eye Institute Ltd, Committee for Perth Ltd and the Chamber of Commerce and Industry of Western Australia.

In accordance with the Company's Constitution, Mr Atkins offers himself for election as a director of the Company.

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

RESOLUTIONS 3: 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 Garry Connell 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 Connell recommend Shareholders approve this Resolution.

RESOLUTION 4: ISSUE OF OPTIONS TO MR PETER BUCK

This Resolution seeks Shareholder approval to issue 750,000 Options to Peter Buck on the terms described below.

Shareholder approval for the grant of the Options the subject of this Resolution is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to "related parties", for example, directors of the Company; and
- (b) ASX Listing Rule 10.11 – this requires the grant of securities to a related party of a Company to be approved by Shareholders.

The Board believes that the proposed Option issue is an appropriate means of providing Mr Buck with an incentive to continue to create value for Shareholders.

BREAKAWAY RESOURCES LIMITED
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The Options are being granted for no consideration. Consequently, no funds will be raised as a result of the grant of the Options. A total of \$637,500 in additional share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out in the Annexure to this Explanatory Memorandum.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) 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) Shareholder approval is obtained prior to the giving of the financial benefit.

Mr Buck, being a Director of the Company, is a related party for the purposes of the Corporations Act. The issue of Options to Mr Buck is a benefit conferred on Mr Buck and therefore requires Shareholder approval.

ASX Listing Rule generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval. However, if Shareholder approval to the proposed Option issue is obtained under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1: Exception 14 of ASX Listing Rule 7.2.

In accordance with the requirements of ASX Listing Rules 7.3 and 10.13 and the requirements of Part 2E.1 of the Corporations Act, in particular sections 218 and 221, the Company provides the following information:

- (a) The person to whom this Resolution would permit a financial benefit to be given is Mr Buck, a Director of the Company and therefore a related party of the Company by virtue of section 228(2)(a) of the Corporations Act;
- (b) The nature of the financial benefit to be given is the grant of Options on the terms set out in the Annexure to this Explanatory Memorandum.
- (c) Mr Buck has a material personal interest in the outcome of the Resolution.
- (d) Other than Mr Buck, none of the Directors have a material personal interest in the outcome of the Resolution.
- (e) Mr Buck does not wish to make a recommendation to Shareholders on the Resolution on the basis that he has an interest in the outcome of the Resolution and that there is a conflict of interest in making such a recommendation.
- (f) All of the Directors other than Mr Buck recommend Shareholders vote in favour of the proposed Resolution. The Directors (other than Mr Buck) consider that the proposed issue will assist the Company to properly reward Mr Buck and adequately align the interests of Mr Buck with those of the Company.
- (g) The Options will be issued at no cost and therefore no funds will be raised by their issue. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements.
- (h) The Options will be issued within 1 month of shareholder approval and shall vest as follows:
 - (i) 375,000 Options after the expiration of 12 months following Shareholder approval; and
 - (ii) 375,000 Options after the expiration of 24 months following Shareholder approval.
- (i) The exercise price of each Option is \$0.85 and the Options may be exercised after the vesting date determined in the preceding paragraph until their expiry date of 3 years after the date of issue.
- (j) The Company will not loan Mr Buck money in relation to the issue of the Options.
- (k) The valuation [by the Company] of the Options using the Binomial method of valuation is a total of \$203,700. The assumptions used in that calculation are:
 - (1) Exercise Price: \$0.85
 - (2) Market value of underlying Shares: \$0.55
 - (3) Time to expiration of Options: 3 years following the date of issue
 - (4) volatility: 84.85%
 - (5) interest rate: 6.5%
 - (3) strike price: 0.85

BREAKAWAY RESOURCES LIMITED
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- (l) Mr Buck's total remuneration package is \$393,750 per annum (excluding the Options but including non-monetary benefits and superannuation).
- (m) Mr Buck currently holds 402,000 Shares and 2,000,000 Options.
- (n) Should Mr Buck exercise the Options issued in accordance with this Resolution 4, his interest in the Company will increase to 0.7%. In turn, the remaining Shareholders will have their existing interests diluted in proportion to the additional 750,000 Shares that will issue on exercise of the Options.
- (o) Over the last 12 months, the Share trading history of the Company on the ASX up to 25 September 2007 included a high of \$0.92 per Share on 14 May 2007 and a low of \$0.27 on 5 March 2007. Share trading closed on 24 September 2007 at a price of \$0.47 per Share.
- (p) Neither the Directors nor the Company are 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 this Resolution 4.

GLOSSARY

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

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

“**Board**” means the Board of Directors of the Company.

“**Constitution**” means the Constitution of the Company.

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

“**Corporations Act**” means the Corporations Act 2001 (Cth)

“**Directors**” means Directors of the Company.

“**Explanatory Memorandum**” means this explanatory memorandum.

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

“**ASX Listing Rules**” means the Listings Rules of the ASX

“**ASX**” means ASX Limited (ACN 008 624 691).

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

“**Options**” means options to subscribe for and be issued Shares in the Company.

“**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

TERMS AND CONDITIONS OF OPTIONS

Terms and Conditions of Options to be issued to Mr Peter Buck or his nominee pursuant to Resolution 4:

- (1) each Option entitles the holder to subscribe for and be allotted one fully paid ordinary Share upon payment of a price of 85 cents per Option (**Exercise Price**);
- (2) the Options shall lapse at 5.00pm Western Standard Time on the date being 3 years after the date of the issue of the Options (**Expiry Date**);
- (3) the Options are exercisable wholly or in part by notice in writing to the Directors of the Company at any time after the vesting dates being:
 - (a) 375,000 Options after the expiration of 12 months following Shareholder approval; and
 - (b) 375,000 Options after the expiration of 24 months after Shareholder approval,until the Expiry Date on payment of the Exercise Price per Option (**Option Notice**);
- (4) the Options are non-transferable without the prior written consent of the Company and no application will be made to the ASX for official quotation of the Options;
- (5) there are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Option however, Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 9 business days before the date for determining entitlements to exercise the Options;
- (6) within 10 business days of receipt of a properly executed Option Notice and the required application monies the number of Shares specified in the Option Notice will be allotted;
- (7) Shares issued on the exercise of the Options will rank equally with the then existing issued ordinary Shares. The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options within three business days after the date of allotment of those Shares; and
- (8) in the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.



breakaway

Breakaway Resources Limited
ABN 16 061 595 051

TO VIEW ONLINE VISIT:
www.breakawayresources.com.au

TO LODGE A PROXY FORM:
Breakaway Resources Limited
Locked Bag 109
West Perth WA 6872
Australia
Facsimile +61 8 9278 6449

FOR ALL ENQUIRIES CALL:
+61 8 9278 6444

 FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BEFORE 5.00PM MONDAY 19 NOVEMBER 2007



YOUR COMPLETE AGM PACK IS AVAILABLE ONLINE, SIMPLY VISIT:
www.breakawayresources.com.au

Documents may be lodged
By delivery or facsimile to Breakaway Resources Limited
Locked Bag 109
West Perth WA 6872
Facsimile +61 8 9278 6449

HOW TO COMPLETE THIS PROXY FORM *Please read these notes prior to completion of the Proxy Form.*

VOTES ON ITEMS OF BUSINESS

Voting 100% of your holding. 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. 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 the item will be invalid.

Voting a portion of your holding. You may indicate only a portion of voting rights are to be voted on any item by inserting the percentage or sum of votes cast on each item. The percentages for and against an item must not exceed your voting entitlement or 100%.

A proxy need not be a securityholder of the Company.

APPOINTMENT OF 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 proportion of number of votes each proxy may exercise, otherwise each proxy may exercise half of the votes. Fractions of votes will be disregarded. A separate Proxy Form should be used for each proxy. You can obtain additional forms by telephoning the Company or you may copy this form. If you lodge two proxies please lodge both forms together.

SIGNING INSTRUCTIONS

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 the 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 a corporate securityholder or proxy 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 by telephoning the company's share registry or at www.computershare.com.

LODGEMENT OF A PROXY FORM. This form (and any Power of Attorney under which it is signed) must be received at an address given above not later than 48 hours before the commencement of the meeting on 2:30pm on Wednesday 21 November 2007. Any form received after that time will not be valid for the scheduled meeting.

PROXY FORM

PLEASE MARK **X** TO INDICATE YOUR DIRECTIONS

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

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

The Chairman of the Meeting **OR**



Please 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 on 21/11/2007 at 2.30pm and at any adjournment of that meeting.

IMPORTANT: FOR ITEMS BELOW. If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on the items below, please place a mark in the 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 the following items 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 all items.

STEP 2 ITEMS FOR BUSINESS

PLEASE NOTE: If you mark **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.

ORDINARY BUSINESS		For	Against	Abstain
Item 1	ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	ELECTION OF MR JOHN KING ATKINS AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	RE-ELECTION OF MR GARRY CONNELL AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	ISSUE OF OPTIONS TO MR PETER BUCK	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, 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