

Australian United Gold Limited

ABN 38 008 982 474

Notice of General Meeting

Explanatory Statement

and

Proxy Form

AUSTRALIAN UNITED GOLD LIMITED
ABN 38 008 982 474

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of members of Australian United Gold Limited (**AUL** or the **Company**) will be held on Wednesday, 15th December 2004 commencing at 10.00am at Celtic Club Inc, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered.

Terms used in this Notice of General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Definitions section as contained in the Explanatory Statement.

AGENDA

SPECIAL BUSINESS

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

1. Ratification of Previous Issue of 30,000,000 Shares

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue and allotment of 30,000,000 Shares at an issue price of \$0.01 each to the parties listed in the Explanatory Statement accompanying this Notice of General Meeting and otherwise on the basis set out therein, is ratified and approved."

The Company will disregard any votes cast on this resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate 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 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.

2. Approval for Grant of 15,000,000 Options

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to grant 15,000,000 Options, each exercisable at \$0.02 each on or before 30 June 2006, and otherwise granted on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate 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 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.

3. Approval for Issue of up to 100,000,000 Options

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to issue up to 100,000,000 Options at an issue price of \$0.001 each, each exercisable at \$0.02 each on or before 30 June 2006, and otherwise issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate 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 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.

4. Approval for Issue and Grant of up to 100,000,000 Shares and 100,000,000 Options

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to issue up to 100,000,000 Shares at an issue price of \$0.015 each, together with one free attaching Option for every Share allotted, each exercisable at \$0.02 each on or before 30 June 2006, and otherwise granted on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate 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 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.

For the purposes of determining voting entitlements at the general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 10:00am on 13th December 2004. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

By order of the Board

Bruce R McCullagh
Company Secretary
5th November 2004

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Australian United Gold Limited in connection with the business to be conducted at the general meeting of members to be held at Celtic Club Inc, 48 Ord Street, West Perth, Western Australia, on Wednesday, 15th December 2004 at 10.00am.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

Shareholders should note that all the directors approved the proposal to put the resolutions to shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.

Terms used in the Notice of General Meeting and this Explanatory Statement will, unless the context otherwise requires, have the same meaning given to them in the Definitions section as contained in this Explanatory Statement.

Australian Stock Exchange Limited ("ASX") Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that, subject to certain exceptions, the prior approval of the shareholders of AUL is required for an issue of equity securities if the securities will, when aggregated with the securities issued by AUL during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by ASX Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

2. RATIFICATION OF PREVIOUS ISSUE OF 30,000,000 SHARES

On 20 October 2004, the Company announced it had placed 30,000,000 Shares at an issue price of \$0.01 each together with, subject to shareholder approval, 15,000,000 free attaching Options (exercisable at \$0.02 each on or before 30 June 2006) to raise \$300,000.

Resolution 1 has been included so that shareholders may ratify pursuant to ASX Listing Rule 7.4 the previous issue on 20 October 2004 of 30,000,000 Shares at an issue price of \$0.01 each raising \$300,000. Resolution 2 seeks shareholder approval to grant the 15,000,000 free attaching Options.

In compliance with the information requirements of ASX Listing Rule 7.5 members are advised of the following particulars in relation to the placement:

- (a) Number of securities allotted:

30,000,000 Shares.

- (b) Price at which the securities were issued:

The Shares were issued at \$0.01 each. The Company proposes, subject to obtaining shareholder approval as contemplated by Resolution 2, to grant one free attaching Option for every two Shares allotted.

- (c) Terms of the securities:

The Shares rank equally in all respects with the existing Shares on issue.

- (d) Names of the allottees:

The Shares were issued to clients and associates of Westar Capital Limited and David Vincent.

- (e) Intended use of funds raised:

The funds raised from the issue of Shares will be utilised for the acquisition of the Sherlock Bay Extended Project and for general working capital purposes.

3. APPROVAL FOR GRANT OF 15,000,000 OPTIONS

Resolution 2 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the grant of 15,000,000 Options to the parties that subscribed for Shares in the placement completed on 20 October 2004, as detailed above at resolution 1, on the basis of one free attaching Option for every two Shares subscribed for and issued.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed grant of Options:

- (a) Maximum number of Options to be granted:

15,000,000 Options.

- (b) Date by which AUL will grant options:

No later than three months after the date of the meeting.

- (c) Price at which Options to be granted:

The Options are being granted free on the basis of one Option for every two Shares issued to subscribers to the placement of Shares undertaken on 20 October 2004 and more particularly described above at resolution 1.

- (d) Names of the allottees:

The Options will be granted to the allottees of the Shares the subject of resolution 1.

- (e) Terms of Options:

The Options will be granted on the terms and conditions as outlined in Appendix "A" to this Explanatory Statement.

- (f) Intended use of funds raised:

The Options will be granted for no consideration. Accordingly no funds will be raised from the grant of the Options.

- (g) Dates of allotment:

Allotment will occur on one date.

4. APPROVAL FOR GRANT OF UP TO 100,000,000 OPTIONS

Resolution 3 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 100,000,000 Options at an issue price of \$0.001 per Option, to raise \$100,000 (before expenses of the issue).

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed grant of Options pursuant to resolution 3:

- (a) Maximum number of Options to be issued:

100,000,000 Options

- (b) Date by which AUL will issue Options:

No later than three months after the date of the meeting.

- (c) Price at which Options to be issued:

\$0.001 per Option.

- (d) Basis upon which allottees will be determined:

Allottees will be clients of holders of Australian financial services licences, to be selected by the Company.

- (e) Terms of issue:

The Options will have an exercise price of \$0.02 each and an expiry date of 30 June 2006 and will otherwise be issued on the terms and conditions as outlined in Appendix "A" to this Explanatory Statement.

- (f) Intended use of funds raised:

Funds raised from the grant of the Options will be utilised to acquire assets, progress the Company's projects and allow for new opportunities to be investigated and/or acquired and for general working capital purposes.

- (g) Dates of allotment:

Allotment will occur progressively.

Directors and their associates are not entitled to participate in the placement.

5. APPROVAL FOR THE ISSUE AND GRANT OF UP TO 100,000,000 SHARES AND 100,000,000 OPTIONS

Resolution 4 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue and allotment of up to 100,000,000 Shares at an issue price of \$0.015 each, together with one free attaching Option for every Share allotted, to raise \$1,500,000 (before expenses of the issue).

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue and grant of Shares and Options pursuant to resolution 4:

- (a) Maximum number of Share and Options to be issued and granted:

100,000,000 Shares and 100,000,000 Options.

- (b) Date by which AUL will issue and grant the Shares and Options:

No later than three months after the date of this meeting.

- (c) Price at which Shares and Options to be issued and granted:

The Shares will be issued at an issue price of \$0.015 each. For every Share allotted, allottees will be granted one free Option.

- (d) Basis upon which allottees will be determined:

Allottees will be clients of holders of Australian financial services licences, to be selected by the Company.

- (e) Terms of issue and grant:

The Shares will rank equally in all respects with the existing Shares on issue. The Options will be granted on the terms and conditions as outlined in Appendix "A" to this Explanatory Statement.

- (f) Intended use of funds raised:

The funds raised from the issue of Shares will be utilised to acquire assets, progress the Company's projects and allow for new opportunities to be investigated and/or acquired and for general working capital purposes. No funds will be raised from the grant of the Options.

- (g) Dates of allotment:

Allotment will occur progressively.

No shareholder/placee would be permitted to have an entitlement exceeding 20% of the issued capital of AUL pursuant to the placement proposed under Resolution 4 and therefore no change in control of AUL is anticipated as a result of the placement.

Directors and their associates are not entitled to participate in the placement.

6. CHANGE TO CAPITAL STRUCTURE

On completion of the issue and grant of Shares, Options and Options contemplated by resolutions 2, 3 and 4 the capital structure of the Company will change as follows:

BEFORE NEW ISSUES

Shares

<i>Number</i>	<i>Description</i>
244,608,765	fully paid ordinary shares

Options

<i>Number</i>	<i>Exercise Price</i>	<i>Expiry date</i>
100,000,000	\$0.02	30 June 2006

ON COMPLETION OF NEW ISSUES (Assuming maximum number of securities issued)

Shares

<i>Number</i>	<i>Description</i>
344,608,765	fully paid ordinary shares

Options

<i>Number</i>	<i>Exercise Price</i>	<i>Expiry date</i>
315,000,000	\$0.02	30 June2006

7. DEFINITIONS

ASX	means Australian Stock Exchange Limited.
ASX Listing Rules	means the official listing rules of ASX.
AUL or the Company	means Australian United Gold Limited ABN 38 008 982 474.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Option	means an option to acquire a Share on the terms and conditions as outlined in Appendix "A".
Share	means a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.

APPENDIX "A"

Terms and Conditions of Options

1. A certificate will be issued for the Options.
2. The Options shall expire on 30th June 2006 ("Expiry Date").
3. Subject to condition 13 the Option is a right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("Share").
4. Shares allotted to option holders on exercise of Options shall, be issued at a price of 2 cents each ("Exercisable Price").
5. The Exercisable Price of Shares the subject of the Options shall be payable in full on exercise of the Options.
6. Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:
 - 6.1 exercise all or a specified number of Options; and
 - 6.2 pay the subscription monies in full for the exercise of each Option.

The notice must be accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not effect the rights of the option holder to the balance of the Options held by him.

7. The Company shall allot the resultant Shares and deliver the share certificate or holding statement within five business days of the exercise of the Option.
8. Options may, if the Company so decides (in its sole discretion), be listed for official quotation on ASX.
9. The Options shall be freely transferable.
10. Shares allotted pursuant to an exercise of Options shall rank, from the date of the allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
11. The Company shall in accordance with the Listing Rules make application to have Shares allotted pursuant to an exercise of Options listed for official quotation.
12. In case of any entitlements issue (other than bonus issue) the Exercise Price of the Option may be reduced according to the following formula:

$O' = O - \frac{E[P - (S + D)]}{N + 1}$

- O' = the new Exercise Price of the Option.
- O = the old Exercise Price of the Option.
- E = the number of underlying securities into which one Option is exercisable.

APPENDIX "A"

Terms and Conditions of Options Cont'd

- P = the average market price per share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date of ex entitlement date.
- S = the subscription price for a security under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a rights to one new security.

In the case of a bonus issue the number of Shares over which the Option is exercisable may be increased by the number of Shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.

13. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules.
14. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
15. The Options do not give any right to participate in new issues unless the option holder exercises the Option.

PROXY FORM

Facsimile No: 9481 7835

The Secretary
Australian United Gold Limited
PO Box 1618
West Perth WA 6872

I/We (full name) _____
of _____
being a member(s) of Australian United Gold Limited, hereby appoint as my/our proxy

_____ of _____
or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10:00am on Wednesday, 15th December 2004 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Ratification of Previous Issue of 30,000,000 Shares	☐	☐	☐
2 Approval for Grant of 15,000,000 Options	☐	☐	☐
3 Approval for Issue of up to 100,000,000 Options	☐	☐	☐
4 Approval for Issue and Grant of up to 100,000,000 Shares and 100,000,000 Options	☐	☐	☐

If you do not wish to direct your proxy how to vote, please place a mark in the box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote in favour of the resolutions in relation to undirected proxies.

If the member is an individual or joint holder:

_____ Usual Signature	_____ Usual Signature
Dated this _____ day of _____	2004.

If the member is a Company:

Signed in accordance with the
Constitution of the company in
the presence of:

Director/Sole Director	Director/Secretary	Sole Director and Sole Secretary
Dated this	day of	2004.

INSTRUCTIONS AS TO VOTING

If you wish to direct your proxy how to vote with respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by placing a “X” in the appropriate box for each Resolution, otherwise your proxy will vote as he/she thinks fit or abstain from voting.

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member’s votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. The proxy form must be signed personally by the member or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed either in accordance with the Constitution of the company or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by all of the joint shareholders, personally or by a duly authorised attorney.
5. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
6. To be effective, forms to appoint proxies must be deposited at the registered office of the Company (1st Floor, 8 Parliament Place, West Perth, Western Australia, 6872) or sent by facsimile to that office on Fax: 08 94817835 and received not less than 48 hours prior to the time of the meeting.
7. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is the Chairman, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a member, the proxy can cast any votes the proxy holds as a member in any way that the proxy sees fit.

8. The Chairman intends to vote all undirected proxies in favour of all resolutions.