

AUSTRALIAN UNITED GOLD LIMITED

ACN 008 982 474

PROSPECTUS

For an offer of:

1. 15,000,000 Options, each exercisable at \$0.02 on or before 30 June 2006, to persons who participated in the Share Placement on the basis of one Option for every two Shares allotted pursuant to the Share Placement ("**First Option Offer**");
2. up to 100,000,000 Options at an issue price of \$0.001 each, each exercisable at \$0.02 on or before 30 June 2006, to clients of holders of Australian financial services licences, to be selected by the Company, to raise up to \$100,000 ("**Second Option Offer**"); and
3. 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 on or before 30 June 2006, to clients of holders of Australian financial services licences, to be selected by the Company, to raise up to \$1,500,000 ("**Securities Offer**").

IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for Shares and Options.

CORPORATE DIRECTORY

DIRECTORS

Mr Hersh Solomon Matjeles – Chairman
Mr Alexander Clemen
Mr David Zukerman

SECRETARY

Mr Bruce McCullagh

REGISTERED OFFICE

1st Floor
8 Parliament Place
WEST PERTH WA 6005

Tel: +61 8 9481 7833
Fax: +61 8 9481 7835
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STOCK EXCHANGE LISTING

Australian United Gold Limited's securities are listed on the Australian Stock Exchange (Home Branch – Perth)
ASX Codes: AUL (ordinary shares)

SOLICITORS

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Tel: +61 8 9323 2000
Fax: +61 8 9323 2096
Email: perth.services@computershare.com.au

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IMPORTANT NOTES

This Prospectus is dated 8 December 2004. A copy of this Prospectus was lodged with the ASIC on that date. Neither the ASIC or ASX take any responsibility in respect to the contents of this Prospectus.

No securities will be issued on the basis of this Prospectus after the Expiry Date. Securities issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than being repeated in full on each occasion. Definitions used in this Prospectus are set out in Section 6.

ELECTRONIC PROSPECTUS

This Prospectus will be issued as an electronic prospectus. The Prospectus will be available on the Company's website at www.austunitedgold.com. The offer of Shares and Options pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person the Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. Prior to the Closing Date, any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at aul@austunitedgold.com.

Section 1 DETAILS OF THE OFFERS

1.1 Description of the Offers

This Prospectus is for an offer of:

- (a) 15,000,000 Options, each exercisable at \$0.02 on or before 30 June 2006, to persons who participated in the Share Placement on the basis of one Option for every two Shares allotted pursuant to the Share Placement.

If you are a person who participated in the Share Placement on the basis of one Option for every two Shares allotted pursuant to the Share Placement you are entitled under the First Option Offer to subscribe for one Option for every two Shares allotted to you pursuant to the Share Placement. To subscribe for Options under the First Option Offer, please only complete the FIRST OPTION OFFER APPLICATION FORM.

- (b) Up to 100,000,000 Options at an issue price of \$0.001 each, each exercisable at \$0.02 on or before 30 June 2006, to clients of holders of Australian financial services licences, to be selected by the Company, to raise up to \$100,000.

If you are nominated as a client of a holder of an Australian financial services licence who is entitled to subscribe for Options under the Second Option Offer and you wish to subscribe for Options under the Second Option Offer, please only complete the SECOND OPTION OFFER APPLICATION FORM.

- (c) 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 on or before 30 June 2006, to clients of holders of Australian financial services licences, to be selected by the Company, to raise up to \$1,500,000.

If you are nominated as a client of a holder of an Australian financial services licence who is entitled to subscribe for Shares and Options under the Securities Offer and you wish to subscribe for Shares and Options under the Securities Offer, please only complete the SECURITIES OFFER APPLICATION FORM.

The Directors reserve the right to allot to an Applicant a lesser number of Shares and Options than the number for which the Applicant applies, or to reject an Application. If the number of Shares and Options allotted is fewer than the number applied for, any surplus Application monies will be refunded in full. Interest will not be paid on monies refunded.

1.2 Indicative Timetable

Prospectus Lodged at ASIC	8 December 2004
Closing date for acceptance and receipt of applications under the First Option Offer*	8 March 2005
Closing date for acceptance and receipt of applications	8 March 2005

under the Second Option Offer*	
Closing date for acceptance and receipt of applications under the Securities Offer*	8 March 2005

*These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice.

1.3 Applications for Shares and Options

An application for Shares and/or Options can only be made on the relevant Application Forms which accompanies a copy of this Prospectus. Where applicable, cheques should be in Australian currency and made payable to "**Australian United Gold Limited – Trust Account**" and crossed "not negotiable".

Completed Application Forms must be accompanied by the application monies (where applicable) and lodged in person or by post:

By Hand Delivery:

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

By Post:

Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

1.4 Shareholder Approval, Minimum Subscription and Allotment of Shares and Options

The offer of the Shares and Options pursuant to this Prospectus is conditional upon the Company obtaining the approval of its shareholders to the issue of the Shares and Options pursuant to Listing Rule 7.1.

Accordingly, allotment of the Shares and Options pursuant to the Offers will not be made unless and until shareholder approval is obtained at a general meeting of the Company to be held on 15 December 2004.

The minimum subscription pursuant to the Second Option Offer is \$100,000.

No Options will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

The minimum subscription pursuant to the Securities Offer is \$600,000.

No Shares or Options will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and

allow Applicants one month to withdraw their Application and be repaid their Application monies.

Should the Company achieve minimum subscription under the Second Option Offer and not minimum subscription under the Securities Offer, the Company will still allot and issue the Options under the Second Option Offer to Applicants.

Should the Company achieve minimum subscription under the Securities Offer and not minimum subscription under the Second Option Offer, the Company will still allot and issue the Shares and Options under the Securities Offer to Applicants.

Shares and Options issued pursuant to the Offers will be allotted within 5 Business Days after the Closing Date.

Where the number of Shares and Options granted is less than the number applied for, or where no allotment is made, surplus Application monies (if applicable) will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the issue and allotment of the Shares and Options or payment of refunds (if applicable) pursuant to this Prospectus, all Application monies (where relevant) will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on such bank account and each Applicant waives the right to claim any such interest.

1.5 Brokerage and Commissions

The Company may pay a fee of up to 6% of the amount subscribed (and accepted by the Company) to any holders of dealers licences in respect of Applications bearing the stamp of such dealers.

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Shares and Options under this Prospectus.

1.6 ASX Listing

Application will be made to the ASX within seven (7) days following the date of this Prospectus for the official quotation of the Shares and Options offered by this Prospectus.

If approval is not granted by the ASX within three (3) months after the date of this Prospectus, the Company will not allot or issue any Shares or Options and will repay all application monies (where applicable) within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may grant official quotation of the Shares and Options is not to be taken in any way as an indication of the merits of the Company or the Shares and Options offered for subscription pursuant to this Prospectus.

1.7 Trading History of Shares

The highest and lowest market sale prices of Shares on the ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were 3.1 cents on 26 November 2004 and 0.9 cents on 13 September 2004. The latest available market sale price of Shares on the ASX immediately before the date of this Prospectus was 2.2 cents on 7 December 2004. There are no listed options.

1.8 Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.9 No issue of Shares and Options after the Expiry Date

No Shares or Options will be issued on the basis of this Prospectus later than the Expiry Date of this Prospectus.

Section 2 PURPOSE AND EFFECT OF THE OFFERS ON THE COMPANY

2.1 Purpose of the Offers

The purpose of the Offers is to raise funds to assist with funding for:

- the Company's exploration programs at the Manindi and Sherlock Bay Extended Projects;
- appraisal and evaluation of additional investment opportunities as they arise; and
- for general working capital.

2.2 Use of Funds

In the event the Company is successful in raising the minimum subscription under the Second Option Offer only, the application of funds raised is summarised below:

Use of Funds – Minimum Subscription under Second Option Offer

	Year 1	Year 2
	\$	\$
Minimum Subscription under the Second Option Offer	100,000	-
<i>Utilised as follows:</i>		
Manindi Zinc Project	30,000	-
Sherlock Bay Extended	40,000	-
<i>Total general working capital budget</i>	<i>70,000</i>	<i>-</i>
Working capital including expenses associated with the Offers ¹	30,000	-
Total funds utilised	100,000	-

Note 1 - the expenses of the Offers are estimated at \$26,000.

In the event the Company is successful in raising the minimum subscription under both the Second Option Offer and the Securities Offer, the application of funds raised is summarised below:

Use of Funds – Minimum Subscription under both Second Option Offer and Securities Offer

	Year 1	Year 2
	\$	\$
Minimum Subscription under the Second Option Offer and the Securities Offer	700,000	-
<i>Utilised as follows:</i>		
Manindi Zinc Project	75,000	75,000
Sherlock Bay Extended	100,000	150,000
<i>Total general working capital budget</i>	<i>175,000</i>	<i>225,000</i>
Working capital including expenses associated with the Offers ¹	150,000	150,000
Total funds utilised	325,000	375,000

Note 1 - the expenses of the Offers are estimated at \$65,000.

If the amount raised is more than the minimum subscription and less than full subscription, the Company will adjust the budget pro rata to reflect the amount raised.

In the event the Company is successful in raising the minimum subscription under the Securities Offer only, the application of funds raised is summarised below:

Use of Funds – Minimum Subscription under Securities Offer

	Year 1	Year 2
	\$	\$
Minimum Subscription under the Securities Offer	600,000	-
<i>Utilised as follows:</i>		
Manindi Zinc Project	75,000	75,000
Sherlock Bay Extended	100,000	150,000
<i>Total general working capital budget</i>	<i>175,000</i>	<i>225,000</i>
Working capital including expenses associated with the Offers ¹	150,000	50,000
Total funds utilised	325,000	275,000

Note 1 - the expenses of the Offers are estimated at \$55,000.

If full subscriptions are received for the Securities Offer the additional funds over and above the expenditure budget will be used as follows:

	Year 1	Year 2
	\$	\$
Evaluation and Acquisition of New Investment Opportunities	300,000	300,000
Additional Working Capital	150,000	150,000
Total funds utilised	450,000	450,000

If the amount raised is more than the minimum subscription and less than full subscription, the Company will adjust the budget pro rata to reflect the amount raised.

2.3 Principal Effects

The principal effect on the Company of the Offers is dependent on the success of the Offers. However, assuming the Offers are fully subscribed the principal effects are as follows:

- (a) The Company will issue 100,000,000 Shares and the number of Shares on issue will increase from 244,608,765 to 344,608,765.

- (b) The Company will issue 215,000,000 Options and the number of Options on issue will increase from 100,000,000 to 315,000,000.
- (c) Following the issue of the Shares and Options, the cash reserves of the Company will increase by approximately \$1,600,000 (less expenses of the Issue which are estimated to be \$122,000 (including any broker fees).

2.4 Statement of Financial Position and Capital Structure

The Issue will have an effect on the capital structure and the financial position of the Company. Set out below is:

- (a) the capital structure of the Company showing the Shares and Options on issue before and after the Issue (assuming the Offers are fully subscribed); and
- (b) an unaudited consolidated pro-forma statement of financial position of the Company as at 30 June 2004 incorporating:
 1. the issue of the Shares and Options in accordance with this Prospectus (assuming the Offers are fully subscribed);
 2. the issue of 30,000,000 Shares at one cent each on 21 October 2004; and
 3. cash payments totalling \$250,000 for the acquisition of a 50% interest in the Sherlock Bay Extended Project and Issue Expenses of \$122,000.

Capital Structure

Issued Share Capital at 30 June 2004	214,608,765
Shares Issued – 21 October 2004	30,000,000
Shares Now Offered for Subscription	100,000,000
Issued Share Capital After Completion of the Issue	<u>344,608,765</u>

Options on Issue (Exercisable at 2 cents each on or before 30 June 2006)

Options on Issue at 30 June 2004	100,000,000
Options Now Offered for Subscription	
	a) 15,000,000
	b) 100,000,000
	c) 100,000,000
Options on Issue After Completion of the Issues	<u>315,000,000</u>

Pro-forma Statement of Financial Position

		Consolidated Statement of Position at 30 June 2004	Unaudited Financial Position at 30 June 2004	Consolidated Proforma Statement of Financial Position at 30 June 2004 Including: 1) The Issue. 2) The issue of 30 million Shares on 21 October 2004. 3) Payment totalling \$250,000 for asset acquisition and Issue Expenses of \$122,000.
	Notes	\$		\$
Current Assets				
Cash	(a)	244,931		1,772,931
Receivables		8,771		8,771
Total Current Assets		\$253,702		\$1,781,702
Non-Current Assets				
Property, Plant & Equipment		1,018		1,018
Investments		104,000		354,000
Total Non-Current Assets		\$105,018		\$355,018
Total Assets		\$358,720		\$2,136,720
Current Liabilities				
Payables		11,740		11,740
Total Current Liabilities		\$11,740		\$11,740
Total Liabilities		\$11,740		\$11,740
Net Assets		\$346,980		\$2,124,980
Equity				
Contributed Equity	(b)	13,997,398		15,675,398
Options Premium Reserve	(c)	148,625		248,625
Accumulated Losses		(13,762,241)		(13,762,241)
Parent Equity Interest		383,782		2,161,782
Outside Equity Interest		(36,802)		(36,802)
Total Equity		\$346,980		\$2,124,980

Notes :**(a) Cash :**

Cash at 30 June 2004	\$244,931
Issue of 30,000,000 Shares at \$0.01 (21/10/04)	\$300,000
Issue of 100,000,000 Shares at \$0.015	\$1,500,000
Issue of 100,000,000 Options at \$0.001	\$100,000
	\$2,144,931
Less Cash Payments for Asset Acquisition and Issue Expenses	(\$372,000)
Total cash as per Unaudited pro-forma (above)	\$1,772,931

(b) Contributed Equity

Issued Capital at 30 June 2004	\$13,997,398
Issue of 30,000,000 Shares at \$0.01 (21/10/04)	\$300,000
Issue of 100,000,000 Shares at \$0.015	\$1,500,000
	15,797,398
Less Issue Expenses	(122,000)
Total Issued Capital as per Unaudited pro-forma (above)	\$15,675,398

(c) Option Premium Reserve

Balance at 30 June 2004	\$148,625
Issue of 15,000,000 free Options	\$0
Issue of 100,000,000 free Options	\$0
Issue of 100,000,000 Options at \$0.001	\$100,000
Balance as per Un-audited Proforma (above)	\$248,625

Section 3 RISK FACTORS

3.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares and Options.

3.2 Exploration and Production Risks

The investment of capital by the Company in exploration does not provide any certainty that the capital expended will result in a discovery of reserves of minerals. If minerals are discovered within the Company's properties there is no certainty that such discoveries may be economically recoverable.

If the Company is successful in the discovery of economic reserves, development and production from the reserves will be subject to the technical, financial, legislative and other factors prevailing at the time, which will affect the decision to proceed to production and the profitability of recovery.

3.3 General Commercial Risks

Factors such as inflation, commodity price volatility, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs and stock market prices. Future possible revenues and share price can be affected by these factors which are beyond the control of the Company.

3.4 Changes in Government Policies

The Company's business could be significantly affected by changes to federal, state and local government policies and tax regimes. Any increases in such taxes that cannot be passed on to the consumer, may have the effect of reducing future profits.

3.5 Environmental

Mineral exploration involves the risk of environmental contamination and the corresponding operational costs of environmental protection planning, impact analysis, damage control procedures and where accidental leakage or other contamination or well head abandonment occurs, the costs of undertaking rehabilitation operations and the risk of legislative penalties.

3.6 General Investment Risks

There is a risk that the price of Shares and returns to shareholders may be affected by changes in:

- (a) local and world economic conditions;

- (b) interest rates;
- (c) levels of tax, taxation law and accounting practice;
- (d) government legislation or intervention;
- (e) inflation or inflationary expectations; and
- (f) natural disasters, social upheaval or war in Australia or overseas.

3.7 Investment Speculative

The list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The risk factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities.

Section 4 ADDITIONAL INFORMATION

4.1 Continuous Disclosure

Disclosing entities are, pursuant to the Corporations Act, entitled to issue a prospectus satisfying the test set out in section 713 of the Corporations Act where the securities offered by the prospectus are quoted Enhanced Disclosure ("ED") securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of the prospectus. A transaction specific prospectus is only required to contain information related to the issue of securities the subject of the prospectus. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements now required of disclosing entities means that all this information should have previously been released to the market.

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to the ASX any information of which it is, or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Having taken such precautions and made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX (as applicable from time to time throughout the 12 months before the issue of this Prospectus) which requires the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

4.2 Copies of Documents

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC. The Company will provide a copy of each of the following documents, without charge, to any person on request prior to the Closing Date:

- (a) the annual financial report for the year ended 30 June 2004 (being the last annual financial report to be lodged with the ASIC in relation to the Company before the issue of this Prospectus); and
- (b) continuous disclosure notices given during the period starting after the lodgement with the ASIC of the annual financial report referred to in (a) above and ending before the issue of the Prospectus being the following documents:

DATE	ASX RELEASE
12/10/04	Response to ASX Query re: Annual Report
20/10/04	Sherlock Bay Extended Project Acquisition / Share and Option Placement
22/10/04	Notice of Annual General Meeting
22/10/04	Appendix 3B – Acquisition of Sherlock Bay Extended Project

25/10/04	Notification Pursuant to ASIC Class Order 02/1180
25/10/04	Update to Notice (25/10/04) re: Issue of Shares
29/10/04	First Quarter Activities Report
29/10/04	First Quarter Cashflow Report
05/11/04	Notice of General Meeting
25/11/04	Annual General Meeting – Outcome of Resolutions

4.3 **Rights Attaching to Shares**

Full details of the rights attaching to the Company's Shares are set out in its Constitution.

The following is a summary of the rights which attach to the Shares and which will attach to the Shares issued pursuant to this Prospectus.

Voting

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by any 5 shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be payable on the shares at a fixed amount per share.

Transfer of Shares

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of shares, other than a proper SCH transfer (as defined in the Corporations Act), where permitted by the Listing Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of shares or other securities.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

Despite anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.4 Terms and Conditions of Options

- (a) A certificate will be issued for the Options.
- (b) The Options shall expire on 30th June 2006 ("**Expiry Date**")
- (c) Subject to condition (n) 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**")

- (d) Shares allotted to option holders on exercise of Options shall, be issued at a price of 2 cents each ("**Exercisable Price**").
- (e) The Exercisable Price of Shares the subject of the Options shall be payable in full on exercise of the Options.
- (f) 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:
 - (i) exercise all or a specified number of Options; and
 - (ii) pay the subscription monies in full for the exercise of each Option.
- (g) 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.
- (h) 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.
- (i) Options may, if the Company so decides (in its sole discretion), be listed for official quotation on ASX.
- (j) The Options shall be freely transferable.
- (k) 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.
- (l) 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.
- (m) In case of any entitlements issue (other than bonus issue) the Exercise Price of the Option may be reduced according to the following formula:

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

- 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.

- 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.

- (n) 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.
- (o) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
- (p) The Options do not give any right to participate in new issues unless the option holder exercises the Option.

4.5 **Interests of Directors**

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or Shares or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offers.

Directors' Holdings

Set out below are details of Directors' relevant interest in the securities of the Company as at the date of this Prospectus:

Director	Shareholding Direct	Shareholding Indirect
HS Matjeles	-	950,000 ^{1,2}
A Clemen	-	-
DN Zukerman	-	-

Notes:

These shares are held by:-

1. Alexis Pty Ltd, a company of which Mr Matjeles is a director and the major shareholder – 650,000 Shares.
2. Simon Nominees Pty Ltd as trustee for HS Matjeles Superannuation Fund- 300,000 Shares.

None of the Directors have any relevant interest in Options.

Directors' Remuneration

Over the last two years, no remuneration was paid or was payable to the Directors of the Company, except as noted below:

Director	Remuneration (\$)
HS Matjeles	32,700
A Clemen	16,000
D Zukerman	15,611
Total	64,311

The Directors are also entitled to be reimbursed for travelling, hotel, communication and other expenses which they may properly incur in carrying out their duties and any Director performing extra or special professional services for the Company may be remunerated for those services.

4.6 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or Shares or otherwise) have been paid or agreed to be paid to any expert, or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offers.

Blakiston & Crabb has acted as solicitor to the Company and in that capacity has been involved in providing legal advice to the Company in relation to the Issue. In respect of this work, the Company will pay approximately \$4,600 (exclusive of GST) for these services. Blakiston & Crabb have been paid fees for other professional services provided to the Company during the last two years totalling approximately \$1,500.

4.7 Consents

Each of the parties referred to in this Section 4.7:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and/or a statement included in this Prospectus with the consent of that party as specified in this Section.

Each of the following have consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgment of this Prospectus with the ASIC:

- (a) Blakiston & Crabb as solicitors to the Company; and
- (b) Computershare Investor Services Pty Ltd as the Company's Share Registry.

4.8 Expenses of the Issue

The estimated amount of the expenses of the Issue, including ASX Fees, advisers' fees, printing and distribution costs and other miscellaneous expenses, is \$26,000, which has been paid or is payable by the Company. The Company may pay up to a maximum of \$96,000 as a fee to brokers in accordance with paragraph 1.5.

4.9 Litigation

The Company is not involved in any legal or arbitration proceedings, nor, so far as the Directors are aware are any such proceedings pending or threatened against the Company which are regarded as material.

4.10 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on

the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions.

The Prospectus will be available as an Electronic Prospectus on the Company's website at www.austunitedgold.com.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please e-mail the Company at aul@austunitedgold.com and the Company will send to you, without charge, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the application monies received will be dealt with in accordance with section 722 of the Corporations Act.

4.11 Privacy Disclosure Statement

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

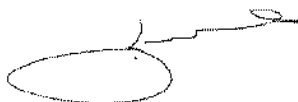
Section 5 DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares and Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 8 December 2004



Signed for and on behalf of
AUSTRALIAN UNITED GOLD LIMITED by
David Zukerman

Section 6 KEY DEFINITIONS

"Application Form"	means the First Option, Second Option and Securities Offer application forms accompanying this Prospectus and "Applicant" and "Application" have comparative meanings;
"ASIC"	Australian Securities & Investments Commission;
"ASX"	Australian Stock Exchange Limited;
"Business Day"	every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day;
"Closing Date"	8 March 2005 for the First Option Offer, 8 March 2005 for the Second Option Offer and 8 March 2005 for the Securities Offer;
"Company"	Australian United Gold Limited ACN 008 982 474;
"Corporations Act"	Corporations Act 2001 (Cth).
"Directors"	the directors of the Company;
"Electronic Prospectus"	an electronic version of the Prospectus;
"Expiry Date"	the date which is 13 months after the date of this Prospectus, which is 8 January 2006 ;
"Issue"	the issue of Shares and Options under this Prospectus;
"Listing Rules"	the Listing Rules of the ASX;
"Offers"	the offers of Shares and Options referred to in Section 1.1 of this Prospectus;
"Option"	an option to acquire one Share exercisable at \$0.02 each on or before 30 June 2006 and otherwise on the terms and conditions set out in Section 4.4;
"Prospectus"	this Prospectus and includes the Electronic Prospectus;
"Section"	a section of this Prospectus;

"Share"	an ordinary fully paid share in the capital of the Company;
"Share Placement"	the placement of 30,000,000 Shares at an issue price of \$0.01 each to raise \$300,000, as announced by the Company on 20 October 2004; and
"WST"	Australian Western Standard Time.

Australian United Gold Limited

ABN 38 008 982 474

First Option Offer Application Form

Please read all instructions on reverse of this form

TO BE COMPLETED BY PERSONS WHO PARTICIPATED IN THE SHARE PLACEMENT ON THE BASIS OF ONE OPTION FOR EVERY TWO SHARES ALLOTTED PURSUANT TO THE SHARE PLACEMENT.

Number of Options applied for

you may be allocated all of the Options above or a lesser number

Full name details title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

Name of joint Applicant 2 or <account name>

Full postal address

Number/street

Suburb/town

State/postcode

CHESS HIN (if applicable)

Share Registrars use only

Broker reference – stamp only

Broker code

Adviser Code

Tax file number(s)
Or exemption category
Applicant 1/Company

Joint Applicant 2/ trust

Contact details
Contact name

Contact daytime telephone
number

Contact email address

You should read the Prospectus carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus.

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of Australian United Gold Limited; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Options.

THIS FORM DOES NOT REQUIRE A SIGNATURE

INSTRUCTIONS TO APPLICANTS

This Application Form relates to the offer of 15,000,000 Options in Australian United Gold Limited pursuant to the Prospectus dated 8 December 2004. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Options of the Company and it is advisable to read this document before applying for Options. A person who gives another person access to this Application Form must at the same time and by the same means, give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please post or deliver the completed Application Form to the Company's share registry. If an Applicant has any questions on how to complete this Application Form, please telephone the Company on +61 8 9481 7833. The Form must be received by the Registry no later than 5.00pm (WST) on 8 March 2005.

A. Application for Options

The Application Form must only be completed in accordance with instructions included in Prospectus.

B. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

Declaration

Before completing the Application Form the Applicant(s) has read the Prospectus to which the application relates. The Applicant(s) agree(s) that this application is for Options in Australian United Gold Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of Options equal to or less than the number of Options indicated on the front of the form that may be allotted to the Applicant pursuant to the Prospectus and declare(s) that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Forward your completed application to:

Computershare Investor Services Pty Ltd
Phone: + 61 8 9323 2000
Facsimile: + 61 8 9323 2096

Addresses:

By Post	By Hand
Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000

ABN 38 008 982 474

Second Option Offer Application Form

Please read all instructions on reverse of this form

**TO BE COMPLETED BY PARTIES NOMINATED AS CLIENTS OF
HOLDERS OF AUSTRALIAN FINANCIAL SERVICES LICENCES**

Number of Options applied for (minimum 500,000)

Total amount payable
cheque(s) to equal this amount

	at \$0.001 per Option =	A\$
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you may be allocated all of the Options above or a lesser number

Full name details title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

[illegible]

Name of joint Applicant 2 or <account name>

[illegible]

Full postal address

Number/street

[illegible][illegible]

Suburb/town

State/postcode

[illegible]**CHESS HIN** (if applicable)[illegible]

Cheque payment details please fill out your cheque details and make your cheque payable to "Australian United Gold Limited – Trust Account"

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

You should read the Prospectus carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus.

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of Australian United Gold Limited; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Options.

THIS FORM DOES NOT REQUIRE A SIGNATURE

Share Registrars use only	
Broker reference – stamp only	
Broker code	Adviser Code

INSTRUCTIONS TO APPLICANTS

This Application Form relates to the offer of 100,000,000 Options in Australian United Gold Limited at an issue price of \$0.001 per Option, pursuant to the Prospectus dated 8 December 2004. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Options of the Company and it is advisable to read this document before applying for Options. A person who gives another person access to this Application Form must at the same time and by the same means, give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please post or deliver the completed Application Form together with a cheque to the Company's share registry. If an Applicant has any questions on how to complete this Application Form, please telephone the Company on +61 8 9481 7833. The Form must be received by the Registry no later than 5.00pm (WST) on 8 March 2005.

A. Application for Options

The Application Form must only be completed in accordance with instructions included in Prospectus.

B. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

C. Cheque Details

Make cheques payable to "Australian United Gold Limited – Trust Account" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

Declaration

Before completing the Application Form the Applicant(s) has read the Prospectus to which the application relates. The Applicant(s) agree(s) that this application is for Options in Australian United Gold Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of Options equal to or less than the number of Options indicated on the front of the form that may be allotted to the Applicant pursuant to the Prospectus and declare(s) that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not however, be treated as having offered to subscribe for more Options than is indicated by the amount of the accompanying cheque.

Forward your completed application to:

Computershare Investor Services Pty Ltd
Phone: + 61 8 9323 2000
Facsimile: + 61 8 9323 2096

Addresses:

By Post	By Hand
Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000

ABN 38 008 982 474

Securities Offer Application Form

Please read all instructions on reverse of this form

**TO BE COMPLETED BY PARTIES NOMINATED AS CLIENTS OF
HOLDERS OF AUSTRALIAN FINANCIAL SERVICES LICENCES**

Number of Shares applied for

Total amount payable
cheque(s) to equal this amount

	at \$0.015 per Share =	A\$
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you may be allocated all of the Shares above or a lesser number. You will be allotted one free attaching Option for every Share allotted.

Full name details title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

[illegible]

Name of joint Applicant 2 or <account name>

[illegible]

Full postal address

Number/street

[illegible]

Suburb/town

[illegible]

State/postcode

CHESS HIN (if applicable)[illegible]

Cheque payment details please fill out your cheque details and make your cheque payable to "Australian United Gold Limited – Trust Account"

Drawer

Cheque number

BSB number

Account number

Total amount of cheque

				\$
				\$

Share Registrars use only

Broker reference – stamp
only

Broker code

Adviser	
Code	

Tax file
number(s)
Or
exemption
category

Applicant 1/Company

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Joint Applicant 2/ trust

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Contact details

Contact name

Contact number	daytime	telephone
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Contact email address

You should read the Prospectus carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus.

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the Constitution of Australian United Gold Limited; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Shares.

THIS FORM DOES NOT REQUIRE A SIGNATURE

INSTRUCTIONS TO APPLICANTS

This Application Form relates to the offer of 100,000,000 Shares in Australian United Gold Limited at an issue price of \$0.015 per Share, together with one free attaching Option for every Share allotted, pursuant to the Prospectus dated 8 December 2004. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means, give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please post or deliver the completed Application Form together with a cheque to the Company's share registry. If an Applicant has any questions on how to complete this Application Form, please telephone the Company on +61 8 9481 7833. The Form must be received by the Registry no later than 5.00pm (WST) on 8 March 2005.

A. Application for Shares

The Application Form must only be completed in accordance with instructions included in Prospectus.

B. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

C. Cheque Details

Make cheques payable to "**Australian United Gold Limited – Trust Account**" in Australian currency and cross them "**Not Negotiable**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

Declaration

Before completing the Application Form the Applicant(s) has read the Prospectus to which the application relates. The Applicant(s) agree(s) that this application is for Shares in Australian United Gold Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of Shares equal to or less than the number of Shares indicated on the front of the form that may be allotted to the Applicant pursuant to the Prospectus and declare(s) that all details and statements made are complete and accurate. It is not necessary to sign the Application form.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

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Addresses:

By Post	By Hand
Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000