

25 October 2013

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Dear Shareholder

AUSTRAL GOLD LIMITED - ANNUAL GENERAL MEETING WEDNESDAY 27 NOVEMBER 2013

I am pleased to invite you to the Annual General Meeting of Austral Gold Limited shareholders to be held on Wednesday 27 November 2013 at 10:00am at the offices of BDO, Level 10, 1 Margaret Street, Sydney NSW 2000.

The purpose of the meeting is to put to shareholders a number of resolutions that will, in the view of your Board, assist the future development of the Company. Information about each of the resolutions is set out in the Explanatory Statement to the Notice of Meeting and I ask you to read this carefully. The Board fully supports all of the resolutions to be put to Shareholders at the Annual General Meeting.

An overview of the Company's current projects will be presented at the meeting and our 2013 Annual Report is available online at www.australgold.com.au

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. Instructions for the lodgement of the proxy form are included with the Notice of Meeting. If you will be attending the meeting, I look forward to seeing you there. Should you have any questions, please contact the Company Secretary on +61 (2) 9380 7233.



Ben Jarvis
Director

Notice of Annual General Meeting and Explanatory Statement 2013

Austral Gold Limited

Annual General Meeting to be held at

the offices of BDO, Level 10, 1 Margaret Street, Sydney, NSW

on Wednesday 27 November 2013 at 10am (AEDT)

This notice of Annual General Meeting, Explanatory Statement and Proxy Form 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 without delay.

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The meeting and how to vote

Venue

The Annual General Meeting of the Shareholders of Austral Gold Limited will be held at the offices of BDO located at Level 10, 1 Margaret Street, Sydney, New South Wales on **Wednesday, 27 November 2013 at 10:00am AEDT**.

Your vote is important

The business of the General Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by proxy

To vote by proxy, please complete and sign the Proxy Form enclosed and send it either:

- by post to Suite 206, 80 William Street, Sydney 2011, New South Wales; or
- by facsimile to Austral Gold on facsimile number +61 (0)2 8354 0992.

so that it is received no later than **10.00 a.m. AEDT on Monday, 25 November 2013**.

PROXY FORMS RECEIVED LATER THAN THIS TIME AND DATE WILL BE INVALID.

If a Shareholder appoints a proxy, the Shareholder can direct the proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct their proxy, in the manner prescribed in the Proxy Form, as to how to vote on each of the Resolutions.

If the Chair of the General Meeting is appointed or is taken to be appointed as a proxy, but the appointment does not specify how to vote on a Resolution, the Chair intends to exercise all its votes in favour of that Resolution.

Direction to Chair for Item 2 – Adoption of the Remuneration Report

- If you appoint the Chair or the Chair is taken to be appointed as your proxy, you can direct the Chair to vote “For”, “Against” or “Abstain” from voting on Item 2 by marking the appropriate box on the Proxy Form.
- If you do not direct a voting preference on the Proxy Form, that Proxy Form will be taken as a direction to the Chair to vote in favour of Item 2 and you will be taken to have authorised the Chair to exercise its proxy even if the Chair has a personal interest in the outcome of Item 2.

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of Shareholders of Austral Gold Limited (AGD or Company) will be held at the offices of BDO located at Level 10, 1 Margaret Street, Sydney 2000, New South Wales on Wednesday 27 November 2013 at 10:00 am AEDT.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the General Meeting are those who are registered Shareholders on Monday, 25 November 2013 at 10.00 am (AEDT).

AGENDA FOR ANNUAL GENERAL MEETING

Item 1 – Receive and consider Financial Statements and Directors Report

To receive and consider the Financial Statements (including the accompanying notes) of the Group for the year ended 30 June 2013 and the related Directors' Report and Auditor's Report.

Item 2 – Adoption of Remuneration Report

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

“That the Remuneration Report for the year ended 30 June 2013, submitted as part of the Directors' Report, be adopted pursuant to sections 250R(2) and 250R(3) of the Corporations Act.”

This Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

In accordance with the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- i. a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- ii. a closely related party of such Key Management Personnel.

However, a Key Management Personnel or its closely related party, may cast a vote on this Resolution in Item 2 if:

- iii. the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- iv. the vote is not cast on behalf of a Key Management Personnel or its closely related party.

Item 3 – Re-election of Mr Pablo Vergara del Carrill

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

“That Mr Pablo Vergara del Carrill, who retires by rotation in accordance with clause 13.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

Item 4 – Re-election of Dr Robert Trzebski

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

“That Dr Robert Trzebski, who retires by rotation in accordance with clause 13.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

Item 5 – Approve Total Aggregate Annual Remuneration to Non-Executive Directors

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

“That for the purposes of ASX listing rule 10.17 and rule 13.7 of the constitution of the company, the total aggregate remuneration to be paid to non-executive directors of the Company will not exceed \$500,000 per annum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a Director and any associate of a Director. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote on this Resolution, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the General Meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Item 6 – Approval of Issue of Shares to Stabro Kasaneva

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

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given to the allotment and issue of 1,691,398 Shares to Stabro Kasaneva at a price and on such other terms that are set out in Item 6 of the Explanatory Statement to this Notice of Meeting.”

Voting Exclusion Statement:

As required by the Listing Rules, the Company will disregard any votes on this Resolution by Stabro Kasaneva and his associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote on this Resolution, in accordance with the directions of the Proxy Form; or
- (b) it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction on the Proxy Form to vote as the proxy desires.

Item 7 – Return of Capital to Shareholders

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

“That for the purposes of section 256B of the Corporations Act 2001 (Cth) and for all other purposes, approval be given for the share capital of the Company to be reduced by no more than \$1,040,000 to be effected by the Company paying to each registered Shareholder as at the record date of 4 pm AEDT on 5 December, 2013 the amount of \$0.006 per Share.”

Item 8 – Additional Issue Approval to issue 10% of Securities

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

“That for the purposes of Listing Rule 7.1A and for all other purposes, approval be given for the Company to issue and allot, or agree to issue and allot, Equity Securities in the issued capital of the Company at any time in the period commencing on the date of this Annual General Meeting and ending on the first anniversary of that date, on one or more occasions, provided that the maximum number of Equity Securities issued or agreed to be issued pursuant to this approval, is calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and any such issue or agreement to issue is otherwise made in accordance with the terms and conditions as more particularly set out in Item 8 of the Explanatory Statement that accompanies this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the Listing Rules, the Company will disregard any votes cast on this Resolution by:

- any person who may participate in an issue of Equity Securities pursuant to the approval sought under this Resolution, or any other person who may obtain a benefit as a result of the passing of this Resolution (other than a benefit solely in the capacity as a Shareholder); and
- any Associate of those persons.

However, the Company need not disregard any votes cast on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote on this Resolution, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Other Business

To transact any other business as may be brought before the Annual General Meeting.



Dated: **25 October 2013**

By Order of the Board

Catherine Lloyd
CFO and Company Secretary
Austral Gold Limited

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders of Austral Gold Limited (AGD or the Company) in connection with the business to be conducted at a General Meeting to be held at the offices of BDO located at Level 10, 1 Margaret Street, Sydney on Wednesday, 27 November 2013 at 10:00 am.

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Item 1 – Receive and Consider Financial Statements and Directors Reports

The Corporations Act requires the Directors to lay before the General Meeting the financial statements, the Directors' report and the auditor's report for the last financial year that ended before the General Meeting.

Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to these reports but no formal resolution to adopt the reports will be put to Shareholders.

Item 2 – Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' Report on pages 16-17 of the Group's 2013 Annual Report. To view the 2013 Annual Report, visit www.australgold.com.au. To obtain a paper copy of the 2013 Annual Report, please phone +61 (2) 9380 7233 or email info@australgold.com.au a copy will be sent to you free of charge.

The Remuneration Report sets out the Group's remuneration arrangements for the Directors and Key Management Personnel.

In accordance with section 250SA of the Corporations Act, a reasonable opportunity will be provided for discussion of the Remuneration Report at the General Meeting.

Non-binding Resolution

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Shareholders. However, Shareholders should note that the vote on this Item 2 Resolution is advisory only and not binding on the Company or its Directors. The Directors will consider the outcome of the vote on this Item 2 Resolution and comments made by Shareholders on the Remuneration Report at the General Meeting when reviewing the Company's remuneration policies.

Two Strikes Rule

Shareholders should also note that if 25% or more of the votes on a resolution to adopt a remuneration report, vote against adoption of that remuneration report at two consecutive annual general meetings of the Company, Shareholders will be required to vote at the second of those annual general meetings on a resolution [commonly referred to as a Spill Resolution] that another general meeting [Spill Meeting] be held within 90 days of the date of that second annual general meeting at which:

- all the Directors (other than the Managing Director) cease to hold office immediately before the end of the Spill Meeting; and
- resolutions are put to the vote at the Spill Meeting to fill each of those vacancies.

If the Spill Resolution is passed, the Company must convene and hold the Spill Meeting within the prescribed period. Directors' positions are vacated at the Spill Meeting and candidates (possibly including some or all of the persons who were Directors immediately prior to the Spill Meeting) stand for election or re-election (as the case may be).

At the 2012 Annual General Meeting of the Company less than 25% of votes cast, voted against adoption of the remuneration report tabled at that meeting. Therefore, there is currently no strike outstanding in relation to this Item 2 Resolution.

Voting Exclusion

No votes can be cast in relation to this Item 2 Resolution by or on behalf of a member of Key Management Personnel (as identified in the Remuneration Report) or any of their closely related parties (as that term is defined in the Corporations Act and which includes certain of their family members, dependants and companies they control) [collectively referred to as a **Prohibited Voter**]. However, a Prohibited Voter may vote directed proxies for someone other than a Prohibited Voter.

If you do not direct the person chairing the General Meeting how to vote and you are not a Prohibited Voter, by marking the box on, and submitting, the Proxy Form, you will be taken to have:

- authorised the Chair of the General Meeting to exercise the proxy even though this Item 2 Resolution is connected directly or indirectly with the remuneration of a Key Management Personnel, and
- directed the Chair of the General Meeting to vote in accordance with his stated intention, in favour of this Item 2 Resolution.

If you do not want your votes exercised in favour of this Item 2 Resolution, you should direct the Chair of the General Meeting to vote “against”, or abstain from voting on this Item 2 Resolution.

Item 3 – Re-election of Mr Pablo Vergara del Carril

Mr Carril was appointed as a Director on 18 May 2006 and was re-elected at the annual general meeting of the Company held on 29 November 2010. He now retires by rotation and, being eligible, seeks re-election in accordance with rule 13.2 of the Constitution.

A brief profile of Mr Carril is contained in the Group’s 2013 Annual Report on page 14.

Item 4 – Re-election of Dr Robert Trzebski

Dr Trzebski was appointed as a Director on 10 April 2007 and was re-elected at the annual general meeting of the Company held on 30 November 2011. He now retires by rotation and, being eligible, seeks re-election in accordance with clause 13.2 of the Constitution.

A brief profile of Dr Trzebski is contained in the Group’s 2013 Annual Report on page 14.

Item 5 – Approve Total Aggregate Annual Remuneration to Non-Executive Directors

At the Company’s annual general meeting held on 30 November 2011, the Shareholders approved an upper limit of non-executive directors’ remuneration of \$200,000 in accordance with Rule 13.7 of the Constitution.

Approval is now sought to increase this limit by \$300,000 to \$500,000. Aggregate remuneration paid to non-executive directors over the past four years is set out in the table below;

	Aggregate remuneration paid to non-executive directors	Number of non-executive directors receiving remuneration
Year ended June 2013	\$132,408	4
Year ended June 2012	\$115,150	3
Year ended June 2011	\$135,000	3
Year ended June 2010	\$140,000	2

Details of amounts paid to non-executive directors are set out in the remuneration report on page 16 of the Group’s 2013 Annual Report.

Up to 30 June 2013 non-executive directors who are associates of the Company’s major shareholder (Mr Eduardo Elstain, Mr Saul Zang and Mr Pablo Vergara del Carril) have not received any monetary remuneration from the Group in consideration for their work carried out on behalf of the Company as a Director.

The Company has been consistently producing gold from its Guanaco mine for over two years and has delivered positive cash flows from operations for the last two financial years.

The Board has reviewed its remuneration policy in relation to non-executive directors and is intending to commence the remuneration of all non-executive directors when the Company starts reporting profits, at rates in line with its industry peers.

The increase in non-executive directors' fees as set out in this resolution is in compliance with ASX listing rule 10.17.1.

Item 6 – Approval of Issue of Shares to Stabro Kasaneva

Listing Rule 10.11

As set out in the background information above, because Mr Kasaneva is a Director and Chief Operating Officer of the Company and shareholder approval under Listing Rule 10.11 is required to the proposed issue of the Shares that are the subject of the Item 6 Resolution to Mr Kasaneva.

It is noted that under Chapter 2E of the Corporations Act, for a public company (such as the Company), to give a financial benefit to a related party (such as Mr Kasaneva), the public company must obtain the prior approval of its shareholders in accordance with sections 217 to 227 of the Corporations Act and give the benefit within 15 months following the date of such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 211 provides that shareholder approval is not needed to give a financial benefit if, the benefit is remuneration to a related party as an officer of the public company, and to give the remuneration would be reasonable given the circumstances of the public company giving the remuneration and the related party's circumstances. It is the view of the Directors (other than Mr Kasaneva, who has not participated in any deliberations or vote regarding this Resolution), that the exception set out in section 211 of the Corporations Act applies in the current circumstances.

The Board is proposing to issue Stabro Kasaneva with 1,691,398 shares of AGD as part of a performance bonus following his outstanding role in leading the Guanaco Mine project and business development activities as the Chief Operating Officer. During 2013, the company achieved record production levels providing operating cashflows and allowing AGD to increase growth potential through on-going exploration and strategic acquisitions. Austral Gold committed almost US\$15 million into precious metals investments in South America through its investment in Argentex Mining Corp and Goldrock Mines Corp.

Pursuant to and in accordance with the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Mr Kasaneva:

- (a) the Shares are to be issued to Mr Kasaneva or his Associate;
- (b) the maximum number of the Shares to be issued to Mr Kasaneva or his Associate is 1,691,398 Shares;
- (c) the Shares will be issued within 30 days after the date of the General Meeting and it is anticipated that the Shares will be issued on one date;
- (d) the Shares will be issued for nil cash consideration;
- (e) the Shares issued will rank equally with the Company's currently issued Shares; and
- (f) no funds will be raised from the issue of the Shares.

If approval to the Item 6 Resolution is received under Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1 to exempt the Shares from counting towards the 15% of the issued capital of the Company that can be issued in any 12 month period without shareholder approval.

Item 7 – Return of Capital to Shareholders

The Company proposes to make a cash payment to Shareholders of \$0.006 per Share (representing not in excess of \$1,040,000 in total) as a return of capital. The record date for determining entitlements to receive that payment of capital is 4:00 p.m. AEDT on 5 December 2013.

Payment details

If the return of capital is approved by Shareholders, payment will be made by cheque to eligible Shareholders, being registered holders of Shares as at the record date referred to above.

Shareholders who have not already provided the Share registry with their mailing address or wish to update their details should contact the Share Registry, **Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 (0)3 9405 5000.**

Indicative timetable for return of capital	
Notice of Meeting and Proxy Form sent to shareholders	25 October 2013
AGM to approve return of capital	27 November 2013
Trading in shares on an "ex return of capital" basis starts	29 November 2013
Record date to identify shareholders entitled to the return of capital	5 December 2013
Anticipated payment date	12 December 2013

The Board proposes to return cash that is surplus to the Company's needs to eligible Shareholders, as evidenced in the Company's strong performance, as described in the 2013 Annual Report. The Directors believe that the return of approximately A\$1,000,000.00 to Shareholders will ensure that the Company maintains an efficient capital structure, without adversely affecting the financial flexibility of the Company to achieve its growth objectives. The proposed return of capital demonstrates the Company's commitment to prudent capital management whilst recognising the support and loyalty of Shareholders throughout the time taken to achieve the development and successful operation of the Guanaco mine.

(a) Requirements for the return of Capital

For the purposes of the Corporations Act, the proposed capital return is an equal reduction in capital:

- that relates only to Shares;
- that applies to each Shareholder in proportion to the number of Shares they hold; and
- the terms of which are otherwise the same for each Shareholder.

Section 256C(1) of the Corporations Act provides that an equal reduction must be approved by an ordinary resolution of Shareholders passed at a general meeting of the company.

Under section 256B(1) the Corporations Act, a company may reduce its share capital if the reduction satisfies three key requirements. Each requirement is set out below:

REQUIREMENT	HOW THE REQUIREMENT IS SATISFIED
The capital reduction must be <i>fair and reasonable</i> to the Shareholders as a whole.	The Directors consider that the return of capital is fair and reasonable to Shareholders as a whole as all Shareholders will be treated in the same manner and will receive the same proportion of the share capital of the Company being returned
The reduction must <i>not materially prejudice</i> the Company's ability to pay its creditors.	The Directors have reviewed the net assets and expected cash flows of the Company and consider that the proposed return of capital that is the subject of the Item 6 Resolution will not materially prejudice the Company's ability to pay its creditors. The Company will utilise funds generated by the sale of gold and silver produced by the Guanaco mine to fund the capital return.

REQUIREMENT	HOW THE REQUIREMENT IS SATISFIED
The reduction must be approved by Shareholders under section 256C of the Corporations Act.	Shareholder approval is sought to undertake the proposed capital return. In accordance with section 256C(5) of the Corporations Act, a copy of this Notice of General Meeting has been lodged with ASIC.

(b) Effect of the proposed Capital Return

The Company is required under ASX Listing Rule 7.20 to make certain disclosure to Shareholders in connection with the proposed capital return, as follows:

- If the proposed capital reduction is approved in accordance with the terms of the Item 6 Resolution, the share capital account of the Company will be reduced by up to A\$1,000,000.00.
- No Shares will be cancelled as part of the proposed return of capital. Accordingly the issued share capital of the Company will remain unchanged after the equal capital reduction proposal has been effected.
- No fractional entitlements will arise from the capital return.
- As the Company does not have any convertible securities on issue, the treatment of any such security as a result of the proposed capital reduction is not relevant.

Item 8 – Additional Issue Approval to issue 10% of Securities

As permitted by Listing Rule 7.1A, the Directors are seeking approval from Shareholders pursuant to a Special Resolution [**Additional Issue Approval**] for capacity, over a period that will not exceed the first anniversary of the date on which the Additional Issue Approval is given at this Annual General Meeting [**Additional Issue Period**], to issue or agree to issue, that number of Equity Securities that is equal to, or exercisable into, an additional 10% of the number of ordinary securities on issue in the Company at the time of the proposed issue or agreement to issue (less any Exempt Shares issued in the immediately preceding 12 months), without further Shareholder approval [**Additional Issue Securities**].

The Board believes that the ability of the Company to issue the Additional Issue Securities over the following 12 months – as and when the need or opportunity arises during that period – is in the best interests of the Company and the Shareholders. However, when and if the Additional Issue Approval is given at this General Meeting, the Company is not thereupon obliged to issue any Additional Issue Securities pursuant to an Additional Issue Approval.

The exact number of Additional Issue Securities to be issued under the Additional Issue Approval will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 – see sub-paragraph 8.2 below.

Any issue made pursuant to the Additional Issue Approval would be in addition to the Equity Securities that the Company may also be permitted to issue under Listing Rule 7.1 or any other Listing Rule.

In accordance with the requirements of Listing Rule 7.3A, the Company advises as follows:

8.1 Minimum Issue Price – as stated in Listing Rule 7.1A.3, the minimum price at which a proposed issue of Additional Issue Securities is made must not be less than 75% of the VWAP for Equity Securities of the same class as those Additional Issue Securities, calculated over the 15 trading days on which trades in those Equity Securities were recorded immediately before:

- the date on which the issue price of those Additional Issue Securities is agreed, or
- the issue date of those Additional Issue Securities (if those Additional Issue Securities are not issued within 5 trading days of the date on which the issue price is agreed).

Where the Company proposes to issue Additional Issue Securities in consideration for acquiring non-cash consideration, such as new resources, assets and other investments, the Company will be required to provide to the market an independent expert's valuation of that non-cash consideration, as required by Listing Rule 7.1A.3, at or immediately prior to the time of that issue.

8.2 Dilution of Existing Securityholders – the Company, as at the date of this Notice of Meeting, has on issue one class of Equity Securities, being the Shares. As at the date of this Notice of Meeting, the Company has 169,139,739 Shares on issue and has a capacity to issue:

- 25,370,960 Shares under Listing Rule 7.1 without further Shareholder approval; and
- subject to obtaining Shareholder approval under this Item 8 Resolution, 16,913,973 Additional Issue Securities under Listing Rule 7.1A.

The actual number of Additional Issue Securities that the Company will have capacity to issue under Listing Rule 7.1A at a given time will be calculated at the date of issue of the relevant Additional Issue Securities.

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval for the purposes of Listing Rule 7.1A at an annual general meeting, may issue or agree to issue, during the 12 month period after the date of that annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the aggregate of the number of:

- i. fully paid ordinary securities on issue 12 months before the proposed date of issue of the relevant Additional Issue Securities [**Proposed Issue Date**];
- ii. fully paid ordinary securities issued during the 12 months before the Proposed Issue Date under an exception in Listing Rule 7.2;
- iii. partly paid ordinary securities that became fully paid ordinary securities in the 12 months before the Proposed Issue Date; and
- iv. fully paid ordinary securities issued in the 12 months before the date on which the Item 5 Resolution is approved with the approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4,

but excludes:

- v. any Exempt Shares issued during the 12 months before the Proposed Issue Date; and
- vi. the number of fully paid ordinary securities cancelled in the 12 months before the Proposed Issue Date;

D is 10%; and

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the Proposed Issue Date **without** the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

If the Item 8 Resolution is approved by Shareholders and the Company issues Shares pursuant to the Additional Issue Approval [**Additional Issue Shares**], the existing Shareholders' voting power and economic interest in the Company will be diluted (in this regard, please see commentary and table below).

Shareholders should be aware that there is a risk that:

- the market price for the Shares may be significantly lower on the date of issue of the Additional Issue Shares than on the date of the General Meeting at which approval of the Item 8 Resolution is being sought;
- the Additional Issue Shares may be issued at a price that is at a discount to the market price for the Shares on the date on which the Additional Issue Shares are issued; and
- the share capital of the Company may be significantly larger on the date of issue of the Additional Issue Shares than it was on the date of the General Meeting,

each or all of which may result in the amount of funds raised by the issue of Additional Issue Shares, and the number of Additional Issue Shares actually issued, differing materially from the Company's expectations in the circumstances that prevail at the date of this Notice of Meeting or the date of the General Meeting.

Examples of the possible dilutionary effect on Existing Shareholders resulting from an issue of the maximum number of Additional Issue Shares permissible under the Additional Issue Approval (as calculated in accordance with the above formula, assuming the issue is made on 15 October 2013), assuming:

- three different values for variable “A” in the formula above, that is, the number of Shares on issue; and
 - three different issue prices, applicable to the proposed issue of the Additional Issue Shares,
- are set out in the table overleaf.

The table below shows the anticipated dilutionary effect on existing Shareholders on the basis of:

- the current market price of Shares; and
 - the current number of Shares on issue,
- as at close of trading on 15 October 2013, assuming that:

- i. the Company issues the maximum number of Additional Issue Shares available under the Additional Issue Approval;
- ii. no Shares are issued pursuant to the exercise of any issued Options before the date of the issue contemplated in sub-paragraph (i) immediately above;
- iii. the Additional Issue Shares issued consist of Shares only; and
- iv. the issue price per Additional Issue Share is set at a discount of 25% to the prevailing market price of Shares, being the maximum discount i.e. the highest rate of dilution to existing Shareholders that is permitted under the Listing Rules in respect of an issue of Additional Issue Securities.

The table then compares this scenario with the possible dilutionary effect on Existing Shareholders assuming that:

- the total ordinary share capital of the Company has increased by 50% and by 100% and all newly issued Shares are acquired by non-Existing Shareholders; and
- the issue price of fully paid ordinary securities has decreased by 50% (i.e. halved), and increased by 100% (i.e. doubled), as against the current market price.

Shareholders should also be aware that:

- the number of fully paid ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, placements under the 15% Rule, pro rata entitlements issues or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders meeting; and
- the price for the Shares is subject to fluctuation, which may result from a diverse range of factors, including non-Company-specific influences such as the general state of the economy, fluctuations in interest and/or foreign exchange rates, monetary and fiscal policies, global hostilities and tensions.

Variable "A" - Total number of ordinary shares on issue	Number of Additional Issue Securities to be issued	Total dilutionary effect on existing Equity Security- holders	Total amount of funds raised from the issue of Additional Issue Securities, assuming an issue price per Additional Issue Securities equal to 75% of VWAP		
			\$0.0624 (50% decrease of the 15-day VWAP of Shares as at close of trading on 15 Oct 2013, less 25% discount)	\$0.1247 (15-day VWAP of Shares as at close of trading on 15 Oct 2013, less 25% discount)	\$0.2495 (100% increase of the 15-day VWAP of Shares as at close of trading on 15 Oct 2013, less 25% discount)
169,139,739 Shares (share capital as at date of this Annual General Meeting, held by Existing Shareholders)	16,913,973	9.09%	\$1,054,862	\$2,109,723	\$4,219,446
253,709,609 Shares (50% increase in the share capital of the Company)	25,370,960	9.09%	\$1,582,292	\$3,164,585	\$6,329,169
338,279,478 Shares (100% increase in the share capital of the Company)	33,827,947	9.09%	\$2,109,723	\$4,219,446	\$8,438,892

Assumptions and Observations

The above table has been prepared based on the following assumptions and observations:

- i. the Company issues the maximum number of Additional Issue Shares that it is permitted to issue upon the giving of the Additional Issue Approval;
- ii. no Options are exercised before the record date applicable to the issue of the Additional Issue Shares;
- iii. no Existing Shareholder is issued with any of the Additional Issue Shares – in other words, the maximum rate of dilution to Existing Shareholders is assumed;
- iv. the above table only shows the dilutionary effect of issues of Shares under Listing Rule 7.1A i.e. under the Additional Issue Approval, and therefore excludes dilutionary effect of the issue of any Equity Securities issued under the provisions of any other Listing Rule, such as Listing Rules 7.1, 7.2 or 7.4; and
- v. the Additional Issue Shares consist only of Shares.

8.3 Additional Issue Period - no Additional Issue Shares will be issued after the expiry of the period that commences on (and includes) the date of this General Meeting and ends on (and includes) the date upon which the first of the following two events occurs:

- the first anniversary of the date of this General Meeting; and
- the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2 (change in nature or scale of the Company)

Approval under Listing Rule 7.1A will cease to be valid if and when Shareholders approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

In the interest of clarity, Shareholders are advised that after the expiry of the Additional Issue Period, the Company will not issue any Additional Issue Shares unless and until it has obtained from Shareholders a further Additional Issue Approval, by means of a Special Resolution, at the Company's next annual general meeting;

8.4 Application of consideration received from issue of Additional Issue Shares – the Company may apply consideration received from the issue of Additional Issue Shares for the following purposes:

- **if cash consideration is received** - the Company intends to use the funds raised towards the acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility expenditure on the Company's current assets and/or general working capital; and
- **if non-cash consideration is received** - the Company will have issued the Additional Issue Securities in consideration for acquiring new resources, assets and investments. If this occurs, the Company will provide a valuation of the non-cash consideration in accordance with the Note to Listing Rule 7.1A.3.

The total amount raised by the issue of Additional Issue Shares will depend on the both the number of Additional Issue Shares subscribed for and the issue price of Shares at the time of issue of the relevant Additional Issue Shares.

As at the date of this Notice of Meeting, the Company has not formed an intention to offer any Additional Issue Shares to any particular person or at any particular time, assuming that the Item 8 Resolution is passed and the Company receives Additional Issue Approval.

8.5 Allocation Policy - the Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional Issue Approval. The identity of the allottees of Additional Issue Shares will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of fundraising that are available to the Company at the relevant time, including but not limited to rights issue and other issues in which existing security holders may be entitled to participate;
- the effect of the issue of the Additional Issue Shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

No allottees of any Additional Issue Shares have not been identified or determined as at the date of this Notice of Meeting.

If the Company is successful in acquiring new resources, assets or investments, it is likely that the, or some of the, allottees under the Additional Issue Approval will be the vendors of the new resources assets or investments, or related parties or Associates of that vendor or those vendors.

The Company reserves the right to determine, at the time of any issue of Additional Issue Shares and having regard to the circumstances existing at that time, the terms of the allocation policy that will apply to that particular issue.

8.6 Additional information to be disclosed - the Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Additional Issue Securities; and

8.7 Previous issues of Additional Issue Securities - the Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Voting Exclusion Statement:

The voting exclusion statement in respect of this Item is set out in Item 8 of this Notice of Meeting.

As at the date of this Notice of Meeting, the Company has not identified any particular person or class of persons who may participate in an issue made pursuant to, or otherwise benefit from, the passing of the Item 8 Resolution. As such, no Existing Shareholders shall be excluded from voting on the Item 8 Resolution.

Glossary

In this Notice of Meeting, Explanatory Statement and the accompanying Proxy Form:

- **2013 Annual Report** means the annual report of the Group in respect of the financial year ended 30 June 2013
- **Additional Issue Approval** means the approval that will be given if Resolution referred to in Item 5 of the Notice of Meeting is passed by Shareholders in accordance with its terms
- **AEDT** means Australian Eastern Daylight Saving time
- **AGD or Company** means Austral Gold Limited ACN 075 860 472
- **Associate** has the meaning given to that term in the note to Listing Rule 14.11
- **ASX** means ASX Limited or the Australian Securities Exchange, as the context may require
- **Board** means the board of Directors
- **Constitution** means the constitution of the Company, as amended from time to time
- **Company** means Austral Gold Limited ACN 075 860 472
- **Corporations Act** means the *Corporations Act 2001 (Cth)*
- **Directors** means the directors of the Company from time to time
- **Eligible Entity** means an entity whose securities are listed on the ASX and who at the time that this Annual General Meeting is held:
 - a) has a market capitalisation of A\$300 million or less; and
 - b) is not included in the S&P/ASX 300 Index
- **Equity Security** has the meaning given to that term in Listing Rule 19.12
- **Exempt Share** means a Share permitted to be issued without the approval of Shareholders pursuant to Listing Rule 7.1 or Listing Rule 7.1A
- **Existing Shareholder** means a Shareholder as at the date of this Notice of Meeting
- **Explanatory Statement** means the explanatory notes which accompany and are incorporated as part of this Notice of Meeting
- **General Meeting** means the Annual General Meeting of the Company to be held at 10.00am AEDT on Wednesday, 27 November 2013 or at any adjournment thereof
- **Group** means the Company and its controlled entities
- **Item** means an item referred to in the Notice of Meeting

- **Key Management Personnel** means key management personnel of the Company and includes the Directors and persons having authority and responsibility for planning, directing and controlling the activities of the Company (directly or indirectly)
- **Listing Rule** means the listing rules of and issued by ASX
- **Notice of Meeting** means this notice of meeting including the Explanatory Statement, the Proxy Form and any other document accompanying this notice of meeting
- **Option** means an option to acquire a Share
- **Proxy Form** means the proxy form that accompanies the Notice of Meeting
- **Remuneration Report** means the remuneration report referred to in Item 2 of the Explanatory Memorandum and as set out in pages 16 and 17 of the Group's 2013 Annual Report
- **Resolution** means one of the resolutions set out in the Notice of Meeting
- **Share** means a fully paid ordinary share in the issued capital of the Company
- **Shareholder** means the holder of a Share
- **Share Registry** means Computershare Investor Services Pty Limited, contactable on 1300 850 505 (within Australia) or +61 (0)3 9405 5000
- **Special Resolution** means a resolution that is approved by Shareholders who are entitled to vote on that resolution and who hold no less than 75% (in number) of all voting equity securities
- **VWAP** means, in respect of a quoted class of Equity Securities, the volume weighted average price of that class of Equity Securities sold on the ASX during the prescribed number of trading days immediately preceding and including the date on which such price is to be determined, but does not include any transactions defined in the ASX Operating Rules as 'special' crossings prior to the commencement of normal trading, crossings during the afterhours adjust phase nor any overseas trades or trades pursuant to the exercise of options over ordinary shares in the capital of the Company.

Instructions for completing the Proxy Form

- 1) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- 2) A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
- 3) Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - i two directors of the company;
 - ii a director and a company secretary of the company; or
 - iii for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

- 4) Where a body corporate is appointed as your proxy, the representative of that body corporate attending the Annual General Meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Company's Share Registry. Completion of a Proxy Form by a Shareholder will not prevent that Shareholder from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and nevertheless attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.
- 5) Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
- 6) To vote by proxy, please complete and sign the Proxy Form enclosed:

Send the Proxy Form by **post** directly to:

- Austral Gold Limited
Suite 206, 80 William Street
Sydney NSW 2011;

or

- by **facsimile** to the Company on facsimile number +61 (2) 8354 0992
so that it is received not later than 10.00 am AEDT on Monday, 25 November 2013.

PROXY FORMS RECEIVED LATER THAN THIS TIME AND DATE WILL BE INVALID

Proxy Form

I/We

Holder ID

being a member of Austral Gold Limited ACN 075 860 472 (Company), being entitled to attend and vote at the Annual General Meeting of the Company to be held at the offices of BDO, Level 10, 1 Margaret Street, Sydney 2000, NSW on 27 November 2013 at 10:00 am AEDT and at any adjournment thereof, hereby:

Appoint the Chair of the Annual General Meeting (mark box) **OR**

Write in the above box (IN BLOCK LETTERS) the name of the person/body corporate you are appointing if this person is someone other than the Chair of the Annual General Meeting).

OR failing the person/body corporate named, or if no person/body corporate is named, the Chair of the Annual General Meeting, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit).

Where I/we have appointed the Chair of the Annual General Meeting as my/our proxy (or the Chair of the Annual General Meeting becomes my/our proxy by default) but I/we have not marked any of the boxes opposite Item 2 in the Voting Directions below, I/we expressly authorise the Chair of the Annual General Meeting to exercise my/our proxy even if Item 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company and of any of its subsidiaries.

Voting instructions will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the due time and date for the convening of the Annual General Meeting. Please read the explanatory notes overleaf before marking any boxes with an **X**.

Important – Voting Exclusions

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default and you do NOT wish to direct your proxy how to vote as your proxy in respect of any of the Resolutions (other than Item 2 below), please place a mark with an X in the adjacent box. By so marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even though he/she has an interest in the outcome of any of the Resolutions (other than Item 2) and that votes cast by him/her for any such Resolution, other than as proxy holder, would otherwise be disregarded because of that interest. If you do not mark the adjacent box, and you have not directed your proxy how to vote, the Chair of the Annual General Meeting will not cast your votes on any of those Resolutions and your votes will not be counted in calculating the required majority if a poll is called on any of those Resolutions.

The Chair of the Annual General Meeting intends to vote undirected proxies in favour of all of the Resolutions and any other items of business.

Voting Directions Please mark “X” to indicate your direction(s)

	For	Against	Abstain
Item 2 – Adoption of the Remuneration Report			
Item 3 – Re-election of Mr Pablo Vergara del Carril			
Item 4 – Re-election of Dr Robert Trzebski			
Item 5 – Approve total aggregate Annual Remuneration to Non-Executive Directors			
Item 6 – Approval of issue of Shares to Mr Stabro Kasaneva			
Item 7 – Return of Capital to Shareholders			
Item 8 – Additional Issue Approval to issue 10% of Securities			

If you mark the “Abstain” box for a particular Item, you are directing your proxy not to vote on the Resolution pertaining to that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.



Signature
Director

Signature
Director / Company Secretary

Signature
Sole Director and
Company Secretary

Companies
affix common seal
if appropriate

Signed this _____ day of _____ 2013
By Individuals and joint holders

