

AUSTAR GOLD LIMITED

ACN 107 180 441

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Friday, 27 November 2020

Time of Meeting

11.00 am (Australian Eastern Daylight time)

Via Audio Conferencing

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (**Meeting**) of the Shareholders of AuStar Gold Limited ACN 107 180 441 (**Company**) will be held on Friday, 27 November 2020, commencing at 11.00am (Australian Eastern Standard time).

Due to the current COVID-19 related restrictions on public gatherings the Meeting will be held online utilising audio conference technology. Recent temporary changes to the Corporations Act provide for the holding of a meeting via teleconference provided it gives all Shareholders a reasonable opportunity to participate without being physically present in the same place. Shareholders participating in the Meeting via teleconference are taken to be present.

Shareholders wishing to join the meeting must register by sending an email to info@austargold.com utilising the email subject "AGM Registration". Information on how to join the meeting will then be provided via return email on 26 November. Information on how to ask questions and vote will be provided at point of dial-in prior to the meeting.

Shareholders are invited to lodge questions in advance of the Meeting by sending an email containing their question(s) to info@austargold.com to ensure they are received by no later than 5.00pm, 26 November 2020. Please use the email subject "AGM Question". As many of the emailed questions as possible will be addressed during the Meeting. Shareholders in attendance at the Meeting will also be provided with the opportunity to ask questions.

All resolutions at the Meeting will be decided on a poll. Shareholders are encouraged to record their vote by proxy in advance of the meeting using the personalized Proxy Form enclosed with this Notice. Further details on how to vote via Proxy are set out in this Notice, following the description of the items of business. Shareholders in attendance at the Meeting will be asked to register when joining the Meeting and will then be provided with an opportunity to vote on each resolution.

An online version of the Company's 2020 Annual Report can be downloaded or viewed at www.austargold.com. The 2020 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

This Notice of Meeting incorporates, and should be read together with, the Explanatory Memorandum and Proxy Form. Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of terms used in both this Notice of Meeting and the Explanatory Memorandum.

ORDINARY BUSINESS

Receipt of financial statements and reports

To receive and consider the Directors' report, the Auditor's report and the financial statements of the Company for the financial year ended 30 June 2020.

Resolutions

1. Adoption of Remuneration Report (non-binding resolution)

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution under section 250R (2) of the Corporations Act and for all other purposes:

"That the Remuneration Report for the financial year ended 30 June 2020 as set out in the Company's 2020 Annual Report be adopted."

Note: Under the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company. However, if 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at that second annual general meeting on an additional resolution on whether another meeting should be held at which all of the Directors, other than the Managing Director, must stand for re- election. Please see the Explanatory Memorandum for further information.

Voting Exclusion: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair of the Meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

2. Re-election of Director, Mr Matthew Gill

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

"That Mr Matthew Gill, who retires as a Director of the Company pursuant to rule 13.2 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

3. Re-election of Director, Lord Christopher Wellesley

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

"That Lord Christopher Wellesley, who retires as a Director of the Company pursuant to rule 13.2 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

4. Ratification of prior issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6,533,336 shares to sophisticated, professional and institutional investors under the Placement announced to ASX on 8 September 2020 on the basis set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast (in any capacity) in favour of this Resolution by or on behalf of the following persons:

- (a) a person who is expected to participate in the issue of the securities; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Ratification of prior issue of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 2,177,792 listed options to sophisticated, professional and institutional investors under the Placement announced to ASX on 8 September 2020 on the basis set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast (in any capacity) in favour of this Resolution by or on behalf of the following persons:

- (a) a person who is expected to participate in the issue of the securities; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Forfeiture of Shares

To consider, and if thought fit, pass with or without amendment the following resolution as an ordinary resolution:

"That in accordance with section 258D of the Corporations Act and Listing Rule 7.26 and for all other purposes, 111,112 ordinary shares in the capital of the Company which have been forfeited by the holder of those Shares, be cancelled, and payment of the amount called but unpaid in respect of those Shares in the sum of \$50,000 be waived."

Voting Exclusion: The Company will disregard any votes cast (in any capacity) in favour of this Resolution by or on behalf of the following persons:

- (a) a person whose shares are to be cancelled or liability released or waived; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with

directions given to the proxy or attorney to vote on the resolution in that way; or

- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

SPECIAL BUSINESS

7. Approval of additional 10% placement capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities equal to 10% of the issued capital of the Company (at the time of the issue) (10% Placement Capacity) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

8. Amendment of the Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act, clause 8.4(c) of the Constitution of the Company be amended as set out in the Explanatory Memorandum, with effect from the date of the meeting.”

MAJORITY REQUIRED

Resolution 1 – 6 are ordinary resolutions and will be passed if more than 50% of the votes cast by Shareholders entitled to vote on the Resolutions are cast in favour of the Resolutions.

Resolution 7 and 8 are special resolutions and therefore require approval of 75% of the votes cast by Shareholders eligible to vote.

ATTENDANCE AND VOTING INSTRUCTIONS

Due to the current COVID-19 related restrictions on public gatherings the Meeting will be held online utilising audio conference technology. Recent temporary changes to the Corporations Act provide for the holding of a meeting via teleconference provided it gives all Shareholders a reasonable opportunity to participate without being physically present in the same place. Shareholders participating in the Meeting via teleconference are taken to be present.

Shareholders wishing to join the meeting must register by sending an email to info@austargold.com utilising the email subject “EGM Registration”. Information on how to join the meeting will then be provided via return email on 26 November.

Shareholders are invited to lodge questions in advance of the Meeting by sending an email containing their question(s) to info@austargold.com to ensure they are received by no later than 5.00pm, 26 November 2020. Please use the email subject “AGM Question”. As many of the emailed questions as possible will be addressed during the Meeting. Shareholders in attendance at the Meeting will also be provided with the opportunity to ask questions via the audio conference questions and answers process.

All resolutions at the Meeting will be decided on a poll. Shareholders are therefore strongly encouraged to lodge directed proxies in advance of the Meeting. Upon a poll, every person who has lodged a proxy or who will be voting in real time, will have one vote for each Share held by that person.

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that Shareholders who are on the Company's share register at 11.00am (Australian Eastern Daylight Savings time) on Wednesday, 25 November 2020 shall, for the purposes of the Meeting, be entitled to attend and vote at the Meeting.

Voting by proxy must utilise the personalized Proxy Form enclosed with this Notice. To be valid, the Proxy Form must be completed, signed and returned in accordance with the instructions set out on the Proxy Form. Completed Proxy Forms must be received by the Company's share registry by no later than 11.00am (Australian Eastern Daylight Savings time) on Wednesday 25 November 2020 being 48 hours prior to the commencement of the Meeting.

All resolutions at the Meeting will be decided on a poll. Shareholders are encouraged to record their vote by proxy in advance of the meeting using the personalized Proxy Form enclosed with this Notice. Further details on how to vote via Proxy are set out in this Notice, following the description of the items of business. Shareholders in attendance at the Meeting will be asked to provide shareholder details when joining the Meeting and will then be provided with an opportunity to vote on each resolution.

Due to current COVID-19 related restrictions on public gatherings, proxies will not be able to physically attend the Meeting. Accordingly, Shareholders entitled to vote may only appoint the Chairman as their proxy for this Meeting.

You are encouraged to direct your proxy how to vote on each of the Resolutions by marking either **For**, **Against** or **Abstain** on the voting form for each item of business.

If a proxy is instructed to abstain from voting on an item of business, the shares that are the subject of the proxy appointment will not be counted in calculating the required majority for that item of business.

The Chair intends to vote undirected proxies in favour of each item of business.

If a proxy form is returned nominating a proxy other than the Chair of the meeting, the Chair of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.

The proxy form must be signed by the member or his/her attorney duly authorized in writing, or if the shareholder is a corporation, in a manner permitted by the Corporations Act or in accordance with the laws of that corporation's place of incorporation.

Shareholders are invited to contact AuStar Gold via email or on 5777 8268 if they have any queries in respect of the matters set out in these documents.

DATED 27 October 2020

**BY ORDER OF THE BOARD
AUSTAR GOLD LIMITED**

**PHILIP AMERY
CHAIRMAN**

EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of AuStar Gold Limited to be held on 27 November 2020 at 11.00 am (Australian Eastern Daylight Savings time). This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider the Resolutions.

If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Words or expressions used in the Notice of Meeting and in this Explanatory Memorandum are defined in the Glossary. Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

This Explanatory Memorandum is dated 27 October 2020.

BACKGROUND TO THE RESOLUTIONS

ORDINARY BUSINESS

Receipt of financial statements and reports

While no resolution is required in relation to this item, it is intended to provide an opportunity for Shareholders to raise questions and comment on the financial statements and reports. The Company's auditor, Hall Chadwick will be present at the Meeting and Shareholders will have the opportunity to ask any questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

The 2020 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy. An electronic copy of the annual financial report is available to download or view on the Company's website: www.austargold.com.

1. Resolution 1 - Adoption of Remuneration Report (non-binding resolution)

1.1 Background

The Annual Report for the year ended 30 June 2020 contains a Remuneration Report that sets out the remuneration policy of the Company and the remuneration details for each Director and for each member of the Company's key management personnel.

An electronic copy of the 2020 Annual Report is available to download or view on the Company's website at www.austargold.com.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Directors will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

1.2 *Two strikes*

If 25% or more of votes that are cast on this non-binding Resolution are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of these annual general meetings on a resolution (a **Spill Resolution**) that another meeting be held within 90 days (**Spill Meeting**), at which:

- (i) all of the Company's Directors (other than the Managing Director) cease to hold office immediately before the end of the Spill Meeting; and
- (ii) Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting.

The approval threshold for the Spill Resolution is 50% or more of votes that are cast on the Spill Resolution.

At the 2019 Annual General Meeting, Shareholders voted in favour of the Remuneration Report.

1.3 *Board Recommendation*

Noting that each Director has a personal interest in their own remuneration from the Company and, Directors are excluded from voting on this resolution, the Board unanimously recommends that Shareholders vote **FOR** Resolution 1.

The Chair intends to vote undirected proxies in favour of Resolution 1.

2. **Resolution 2 – Re-election of Director, Mr Matthew Gill**

2.1 *Background*

In accordance with ASX Listing Rule 14.4 and clause 13.2 of the Company's Constitution, a Director must not hold office without re-election past the third annual general meeting following the director's appointment, or 3 years, whichever is the longer. A Director who retires in accordance with these requirements is eligible for re-election. At least one-third of Directors, excluding the Managing Director and Directors required to stand for election under clause 14.4 of the Constitution must stand for re-election at each Annual General Meeting.

Taking into consideration the above, Mr Gill retires at the end of the Meeting and, being eligible, offers himself for re-election.

A brief profile of Mr Gill is set out in the Annual Report of the Company.

2.2 *Independence*

If elected, the board considers Mr Gill will be an independent director.

2.3 *Board Recommendation*

The Board (with Mr Gill abstaining) recommends that Shareholders vote **FOR** Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

3. **Resolution 3 – Re-election of Director, Lord Christopher Wellesley**

3.1 *Background*

In accordance with ASX Listing Rule 14.4 and clause 13.2 of the Company's Constitution, a Director must not hold office without re-election past the third annual general meeting following the director's appointment, or 3 years, whichever is the longer. A Director who retires in accordance with these requirements is eligible for re-election. At least one-third of Directors, excluding the Managing Director and Directors required to stand for election under clause 14.4 of the Constitution must stand for re-election at each Annual General Meeting.

Taking into consideration the above, Lord Wellesley retires at the end of the Meeting and, being eligible, offers himself for re-election.

A brief profile of Lord Wellesley is set out in the Annual Report of the Company.

3.2 *Independence*

If elected, the board considers Lord Wellesley will be an independent director.

3.3 *Board Recommendation*

The Board (with Lord Wellesley abstaining) recommends that Shareholders vote **FOR** Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

4. **Resolution 4 - Ratification of prior issue of Shares**

4.1 **Background**

Resolution 4 seeks shareholder approval for the purpose of Listing Rule 7.4 and for all other purposes to the prior issue of 6,533,336 shares (**Placement Shares**) to sophisticated and institutional investors under the Placement announced to ASX on 8 September 2020.

4.2 **Listing Rule Requirements**

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period. In addition to the 15%, the Company's shareholders approved an additional placement capacity of 10% under Listing Rule 7.1A at its Annual General Meeting held on 29 November 2019 such that the Company had a combined placement capacity limit of 25%.

The issue of the Placement Shares under Resolution 4 did not fit within any of the exceptions and, as it has not yet been approved by Shareholders, effectively used up all of the Company's placement capacity under Listing Rule 7.1 and a large proportion of the Company's placement capacity under Listing Rule 7.1A, reducing the Company's capacity to issue further securities without shareholder approval under Listing Rule 7.1 or Listing Rule 7.1A for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

Resolution 4 therefore seeks Shareholder ratification of the prior issue of the 6,533,336 Placement Shares, under and for the purpose of Listing Rule 7.4.

If Resolution 4 is passed, the Placement Shares will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under its 15% placement limit imposed by Listing Rule 7.1 and its additional 10% placement capacity under Listing Rule 7.1A, effectively increasing the number of securities the Company can issue without shareholder approval over the 12 month period following the date of this Meeting.

If Resolution 4 is not passed, the issue of the Placement Shares will be included in calculating the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue date.

The following information is provided in accordance with Listing Rule 7.5:

- (i) The persons to whom the Company issued the Placement Shares were certain sophisticated, institutional and/or professional investors identified or selected by the Company. These investors were identified through approaches to the Company and its sponsoring broker to be involved in future capital raisings of the Company. Investors were required to meet the requirements of sections 708(8) and 708(11) of the Corporations Act.
- (ii) The Company has issued 6,533,336 Placement Shares being fully paid ordinary shares in the Company.
- (iii) The Placement Shares are fully paid ordinary shares.
- (iv) The Placement Shares were issued on or about 21 September 2020.
- (v) The Placement Shares were issued at an issue price of \$0.30 per Placement Share and the total amount raised upon issue of the Placement Shares was \$1,960,000.
- (vi) The purpose of the Placement was to raise funds to be used for drilling and capital investment, regional exploration, mine and shaft dewatering and working capital purposes.
- (vii) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

4.3 Board Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 4.

The Chair intends to vote undirected proxies in favour of Resolution 4.

5. Ratification of prior issue of options

5.1 Background

Resolution 5 seeks shareholder approval for the purpose of Listing Rule 7.4 and for all other purposes to the prior issue of 2,177,792 listed options (**Placement Options**) to sophisticated and institutional investors under the Placement announced to ASX on 8 September 2020.

5.2 Listing Rule Requirements

In summary, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the total number of fully paid ordinary shares it had on issue at the beginning of the 12 month period.

The issue of the Placement Options under Resolution 5 did not fit within any of the exceptions and, as it has not yet been approved by Shareholders, it used up a large proportion of the Company's placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

Resolution 5 therefore seeks Shareholder ratification of the prior issue of the 2,177,792 Placement Options, under and for the purpose of Listing Rule 7.4.

If Resolution 5 is passed, the Placement Options will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under its 15% placement limit imposed by Listing Rule 7.1, effectively increasing the number of securities the Company can issue without shareholder approval over the 12 month period following the date of this Meeting.

If Resolution 5 is not passed, the issue of the Placement Shares will be included in calculating the Company's

placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue date.

The following information is provided in accordance with Listing Rule 7.5:

- (i) The persons to whom the Company issued the Placement Shares were certain sophisticated, institutional and/or professional investors identified or selected by the Company. These investors were identified through approaches to the Company and its sponsoring broker to be involved in future capital raisings of the Company. Investors were required to meet the requirements of sections 708(8) and 708(11) of the Corporations Act.
- (ii) The Company has issued 2,177,792 Placement Options being listed options with an exercise price of \$0.60 and an expiry date of 31 December 2021.
- (iii) The Placement Options were issued on or about 21 September 2020 on the terms set out in Schedule 1 to this Notice.
- (iv) The purpose of the Placement was to raise funds to be used for drilling and capital investment, regional exploration, mine and shaft dewatering and working capital purposes.
- (v) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

5.3 Board Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 5.

The Chair intends to vote undirected proxies in favour of Resolution 5.

6. Resolution 6 - Forfeiture of Shares

6.1 Background

Resolution 6 seeks the cancellation of 111,112 ordinary shares in the capital of the Company which have been forfeited by the holder of those shares.

On or about 10 August 2018, the Company understands, Mr Frank Lesco (**Former Shareholder**) indicated an intention/ verbal agreement to subscribe for 111,112 ordinary shares in the Company (**Forfeited Shares**) at \$0.45 per share for a total subscription price of \$50,000 (**Outstanding Amount**).

The Forfeited Shares were issued to the Former Shareholder on 5 October 2018.

Written demands were given to Mr Lesco for payment of the Outstanding Amount, including a written demand for payment sent by the Company's lawyers.

The Outstanding Amount was not paid in accordance with the written demands and the Forfeited Shares were placed under a Holding Lock.

A final written demand was given to the Former Shareholder on 8 October 2020, advising that in the event of failure to pay, the Forfeited Shares would be liable to forfeiture in accordance with Section 7.1 of the Company's Constitution.

The Outstanding Amount was not paid and the Directors have resolved that the Forfeited Shares be forfeited in accordance with Section 7.2 of the Company's Constitution.

6.2 Legal Requirements

Section 7.1 of the Company's Constitution provides, inter alia, that if a shareholder fails to pay a call, the Directors may serve a notice on the Shareholder requiring payment of the call within 14 days, failing which, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of a notice under Section 7.1 are not complied with, the Shares in respect of which a call is unpaid may be forfeited by a resolution of the Directors to that effect.

Section 258D of the Corporations Act provides that a Company may, by resolution passed at a general meeting, cancel shares that have been forfeited under the terms on which the shares are on issue.

Listing Rule 7.26 sets out certain conditions which must be met to enable cancellation of forfeited shares.

Listing Rule 7.26.1 requires the cancellation to be approved by holders of ordinary shares. Listing Rule 7.26.3 requires shareholder approval to release or waiver of any amount called by unpaid in respect of forfeited shares.

The following information is supplied in accordance with Listing Rules 7.26.1 and 7.26.3:

- (a) There are 111,112 forfeited shares, their total issue price was \$50,000 and the sum of \$50,000 has been called but remains unpaid.
- (b) The outstanding liability of Mr Lesco is \$50,000. The steps taken by the Company to recover this amount are set out in the background to this resolution as above.
- (c) A voting exclusion statement accompanies this resolution.

In accordance with section 7.4 of the Company's Constitution, Mr Lesco ceases to be a shareholder in respect of the forfeited shares, however, remains liable to pay the Company the Outstanding Amount.

Given that the Forfeited Shares have been forfeited and if Resolution 5 is approved, will be cancelled, the Company seeks shareholder approval to waiver of payment of the Outstanding Amount by the Former Shareholder.

6.3 Board recommendation

The Board recommends that Shareholders vote **FOR** Resolution 6.

The Chair intends to vote undirected proxies in favour of Resolution 6.

Special Business

7. Resolution 7 - Approval of additional 10% placement capacity

7.1 Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**) in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the twelve month period after the Annual General Meeting separate to the Company's 15% placement capacity under Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 10 for it to be passed. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

If Resolution 7 is not passed, the Directors will not be able to issue securities under Listing Rule 7.1A and will only be able to issue securities without the approval of its shareholders within its available placement capacity under Listing Rule 7.1.

7.2 ASX Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue 4 classes of Equity Securities, being Shares, Listed Options, Unlisted Options and Performance Rights. Only the Company's Shares and Listed Options are quoted.

(c) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities that have obtained Shareholder approval at an AGM may issue or agree to issue, during the 12-month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$, where:

- A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement ('relevant period'):
- plus, the number of fully paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
 - plus, the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - o the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - o the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under rule 7.1 and 7.4;
 - plus, the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - o the agreement was entered into before the commencement of the relevant period; or
 - o the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rules 7.1 and 7.4;
 - plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or 7.4;
 - plus the number of partly paid ordinary securities that become fully paid in the relevant period;
 - less the number of fully paid ordinary securities cancelled in the relevant period.
- D** Is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where the issue or agreement to issue has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) above).

(e) Specific information required by ASX Listing Rule 7.3A

(1) *Period for which the approval will be valid.*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the next annual general meeting; or
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(2) *Minimum Price*

The minimum price at which the Equity Securities are issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(3) *Purposes for which funds raised may be issued*

The Company may seek to issue the Equity Securities to raise funds for the following purposes:

- (i) cash consideration for drilling, exploration, capital investment, joint venture, licensing or collaboration agreements or the acquisition of new projects or assets;
- (ii) advancing specific Company projects; or
- (iii) for general working capital

(4) *Dilution Risk*

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the company's Equity Securities on the issue date.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares

and the current number of Equity Securities on issue as at close of business on 22 October 2020 and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Table 1 - Potential dilutionary impact of Resolution 7

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.1575 (50% decrease in issue price)	\$0.315 (issue price)	\$0.39375 (25% increase in issue price)
53,778,470 (Current Variable 'A')	Shares issued - 10% voting dilution	5,377,847 Shares	5,377,847 Shares	5,377,847 Shares
	Funds Raised	\$847,011	\$1,694,022	\$2,117,527
80,667,705 (50% increase in Variable 'A')*	Shares issued - 10% voting dilution	8,066,770 Shares	8,066,770 Shares	8,066,770 Shares
	Funds Raised	\$1,270,516	\$2,541,033	\$3,176,291
107,556,940 (100% increase in Variable 'A')*	Shares issued - 10% voting dilution	10,755,694 Shares	10,755,694 Shares	10,755,694 Shares
	Funds Raised	\$1,694,022	\$3,388,044	\$4,235,055

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 53,778,470 Shares on issue as at the date of this Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on the ASX on 22nd October 2020, being \$0.315.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

6.This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

7.The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

8.The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

(5) Allocation under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company or associates of a related party.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(6) Prior issued under Listing Rule 7.1A.2

The company has made one issue of Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting.

Details of this issue of Equity Securities, as required by Listing Rule 7.3A.6 are set out below:

- (i) A total of 3,463,083 Equity Securities were issued under Listing Rule 7.1A.2 representing 10% of the total number of Equity Securities on issue at the commencement of the 12 month period.
- (ii) The persons to whom the Company issued the Equity Securities were certain sophisticated, institutional and/or professional investors identified or selected by the Company who participated in the Placement announced to ASX on 8 September 2020. These investors were identified through approaches to the Company and its sponsoring broker to be involved in future capital raisings of the Company. Investors were required to meet the requirements of sections 708(8) and 708(11) of the Corporations Act.
- (iii) 3,463,083 Placement Shares, being fully paid ordinary shares, were issued using the placement capacity under Listing Rule 7.1A.2
- (iv) The Placement Shares were issued at a price of \$0.30 per Share which represents a 10% discount to the last traded price of Shares prior to the announcement of the capital raising on 2 September 2020.

- (v) The total cash consideration received for the Placement Shares issued using placement capacity under Listing Rule 7.1A.2 was \$1,038,925.80 has been utilised for drilling and capital investment, mine dewatering, regional exploration and working capital.

7.3 Voting Exclusion

The Company has no current proposal to make an issue of equity securities under Listing Rule 7.1A.2.

7.4 Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7.

The Chairman intends to vote undirected proxies in favour of Resolution 7.

8. Resolution 8 - Amendment of the Constitution

8.1 Background

The Company is currently governed by its existing Constitution, a copy of which can be found on the Company's website: <https://www.austargold.com>.

A copy of the Constitution of the Company may be viewed by Shareholders at the Company's Registered Office during normal business hours.

Under section 136(2) of the Corporation Act, a company can modify its constitution or a provision of its constitution by special resolution.

The Company's Shares Registry historically charges securityholders a security validation fee for undertaking security validation checks in relation to off-market transfers of the Company's securities, to mitigate the risk of fraudulent activity on the Company's members' register.

A recent Federal Court decision means that off-market transfer security validation fees cannot be charged to securityholders where an issuer's constitution expressly prohibits or is silent on charging a fee for registration of an off-market transfer.

The Company's Constitution currently prohibits charging a fee on the registration of securities.

Accordingly, Resolution 8 seeks Shareholder approval to amend its Constitution by a special resolution of shareholders as set out below to enable reasonable fees to be charged in connection with registration of a transfer of securities.

8.2 Proposed Amendment

Clause 8.4(c) of the Constitution currently provides as follows:

"a fee shall not be charged on the registration of a transfer of Shares or other securities; and"

By Resolution 8, the Company seeks Shareholder approval to delete clause Clause 8.4(c) of the Constitution in its entirety and replace it with the following:

"a reasonable fee may be charged in connection with the registration of a transfer of Shares or other securities; and"

8.3 Additional Information

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholders, by a

corporate representative).

8.4 Directors Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 8.

The Chair intends to vote undirected proxies in favour of Resolution 8.

Glossary

In this Explanatory Memorandum and the Notice of Meeting:

AUD, \$, AU\$ are references to the Australian Dollar;

Annual General Meeting or **Meeting** means the annual general meeting of the Company to be convened by this Notice of Meeting (unless the context otherwise requires);

Associate(s) has the meaning given in the Corporations Act;

ASX means the Australian Securities Exchange or ASX Limited ACN 008 624 691; **Board** means the board of Directors of the Company at the date of this Notice; **Chair** means the chair of the Meeting;

Closely Related Party of a member of the Key Management Personnel for an entity, includes:

- i. a spouse or child of the member; a child of the member's spouse;
- iii. a dependent of the member or of the member's spouse;
- iv. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; a company the member controls; or
- v. a person prescribed as such by the *Corporations Regulations 2001* (Cth);

Company means AuStar Gold Limited ACN 107 180 441;

Constitution means the constitution of the Company in effect at the time of the Meeting;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the directors of the Company being as at the date of this Notice of Meeting, being Matthew Gill, Christopher Wellesley, Philip Amery and Paul McNally;

Equity Securities has the same meaning as in the Listing Rules;

Explanatory Memorandum means this explanatory memorandum that accompanies and forms part of the Notice of Meeting;

Financial Report means the 30 June 2020 financial report of the Company, a copy of which was lodged with ASX on 30 September 2020 under the announcement "Annual Report with Statutory Financial Statements";

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise);

Listing Rules means the official Listing Rules of ASX;

Notice of Meeting means the notice of annual general meeting dated 27 October 2020 which this Explanatory Memorandum accompanies and in which the Resolutions are set out;

Official Quotation means official quotation of the securities by ASX in accordance with the Listing Rules;

Placement means the Company's placement of the Placement Shares and Placement Options to sophisticated, institutional and professional investors raising \$1.96 million as announced to ASX on 8 September 2020;

Placement Options means the 2,177,792 options issued to participants under the Placement, on the terms and conditions set out in Schedule 1 to this Notice;

Placement Shares means the 6,533,336 Fully Paid Ordinary Shares issued to participants under the Placement;

Proxy Form means a valid proxy form for this Annual General Meeting (unless the context otherwise requires);

Remuneration Report means the remuneration report of the Company for the year ended 30 June 2020 contained in the Financial Report;

Resolution or Resolutions means the resolutions referred to in the Notice of Meeting;

Security means a Share, option or other security issued by the Company;

Share means a fully paid ordinary share in the Company;

Shareholder means a holder of Shares;

Spill Meeting has the meaning given in Resolution 1; and

Spill Resolution has the meaning given in Resolution 1;

State means the State of Victoria in the Commonwealth of Australia;

Securityholder means a holder of Securities in the Company;

SCHEDULE 1

TERMS OF PLACEMENT OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. The options shall have an exercise price of \$0.60 and an expiry of 31 December 2021, vesting immediately.
3. Options not exercised before the expiry of the exercise period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
6. An option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
7. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
8. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rule.



Austar Gold Limited | ACN 107 180 441

Registration Card

The meeting will be held online via audio conference. Refer to Notice of meeting for instruction on how to register, attend and participate in the meeting

Holder Number:

Your proxy voting instruction must be received by **11.00am (AEDT) on Wednesday, 25 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

As proxies will be unable to physically attend the meeting, you may only appoint the Chair of the meeting as your proxy

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, the Chair will vote your undirected proxies in favour of each item of business. If you mark more than one box on an item your vote on that item will be invalid.

SIGNING INSTRUCTIONS

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

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

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to join the Meeting electronically the appropriate 'Appointment of Corporate Representative' form should be emailed to info@austargold.com with your request to register for the meeting. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

In the interests of public health and safety of our Shareholders, the Company is **not able to allow Shareholders to physically attend the Shareholder Meeting**. Shareholders wishing to join the meeting electronically must register by sending an email to info@austargold.com.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to join the Meeting electronically, a certified copy of the Power of Attorney, or the original Power of Attorney, must be emailed to the Company in the same manner, and by the same time as outlined for proxy forms.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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