

Securities Trading Policy

Introduction

- This policy imposes constraints on directors, employees and consultants dealing in securities of the Company. It also imposes disclosure requirements on directors.
- This policy has been adopted by the Board of Directors ('the Board') of Austral Gold Limited ('the Company').

Objectives

The objectives of this policy are to:

- minimise the risk of directors, employees and consultants of the Company contravening the laws against insider trading;
- assist the Company in meeting its reporting obligations under the Australian Securities Exchange ('ASX') Listing Rules, the Toronto Venture Stock Exchange ("TSXV") and the Canadian provincial stock exchanges where the Company is a reporting issuer (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland) ; and
- increase transparency with respect to dealing in securities of the Company by Key Management Personnel ('KMP').

To achieve these objectives, directors, employees, and consultants should treat this policy as binding on them in the absence of any specific exemption by the Board.

What is insider trading?

The Corporations Act 2001 (Cth) ('Corporations Act') prohibits persons who are in possession of information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price of securities in the Company (price sensitive information) from:

- dealing in the securities; or
- communicating the price sensitive information to others who might deal in the securities.

Information is 'generally available' if, among other things, it consists of readily observable matters or it has been brought to the attention of investors by an ASX announcement and a reasonable period for its dissemination has elapsed since the announcement.

Directors, employees, and consultants of the Company will from time to time be in a situation where they are in possession of price sensitive information. Examples are the period prior to release of annual or half-yearly results to the Australian Securities Exchange and the period during which a major transaction is being negotiated.

No dealing in securities of the Company when in possession of Price Sensitive Information

Directors, employees, and consultants in possession of price sensitive information must not at any time:

- deal in securities of the Company;
- advise, procure, encourage, or suggest another person deal in securities of the Company; or
- communicate the price sensitive information, or cause the price sensitive information to be communicated, to a person who may deal in securities of the Company or may procure another person to deal in securities of the Company.

A contravention of the insider trading prohibitions is an offence and exposes a person to criminal and civil liability, including liability under civil damages actions and compensation orders. The penalty for a breach of the insider trading prohibition is a fine up to \$220,000 for a natural person (and up to five times the maximum for a body corporate) or 5 years imprisonment, or both.

Key Management Personnel (KMP) must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

The Company may also publish from time to time a list of securities in other companies which directors, employees and consultants are prohibited from dealing in due to the Company being in possession of price sensitive information in respect of those companies ('Restricted Securities List'). Directors, employees, and consultants must not at any time deal in securities on the Restricted Securities List.

KMP not to deal in securities of the Company during Restricted Periods

In addition to the restrictions outlined in this policy but subject to the section "Trading in exceptional circumstances during Restricted Periods", KMP must not deal in securities of the Company during the following periods:

- from the balance date until after the first trading day after the Company's annual or half-yearly results have been released to the ASX; and
- any other period designated by the Board.

Restricted Periods

KMP Securities Trading Policy

At all other times outside the Restricted Periods, KMP should not deal in securities of the Company unless:

- they have satisfied themselves that they are not in possession of any inside information that is not generally available to the public;
- they have contacted the Company Secretary, and notified him/her of their intention to do so; and
- where the Chairman or vice-Chairman wish to deal in securities, he or she has contacted the Company Secretary or, in his or her absence, the Chief Financial Officer, and notified them of his or her intention to do so.

Notification to the Company Secretary or Chief Financial Officer is intended as a compliance monitoring function only and is not an endorsement of the proposed dealing.

KMP remain responsible for their own investment decisions and compliance with the law.

KMP should wait a full trading day after disclosure of inside information by the Company before dealing in securities so that the market has had time to absorb the information.

Short-term dealing in securities of the Company KMP must not at any time engage in short term dealing in securities of the Company.

Short-term dealing is considered to be dealing where the acquisition and disposal of securities occurs within six months of each other.

The Chairman may, at their discretion, permit KMP to trade in securities in circumstances that would contravene this paragraph if that KMP establishes hardship and that they do not have inside information.

Hedging

Despite any other part of this policy, KMP must not at any time enter transactions in associated products which operate to limit the economic risk of security holdings in the Company.

Trading in exceptional circumstances during Restricted Periods

KMP may be granted prior written clearance by the Company Secretary or Chief Financial Officer to deal in securities of the Company during the Restricted Periods if there are exceptional circumstances, provided that he or she is not in possession of unpublished, price sensitive information as outlined above in "No dealing in securities of the Company when in possession of Price Sensitive Information".

Exceptional circumstances are:

- financial hardship whereby the relevant KMP has a pressing financial commitment that cannot be satisfied other than by dealing in securities of the Company; or
- a court order or court enforceable undertakings directing the dealing in securities of the Company.

KMP wishing to deal in securities of the Company during a Restricted Period based on exceptional circumstances must apply in writing (email is acceptable) to the Chief Financial Officer or Company Secretary for prior written clearance to deal in those securities. The application must include the following information:

- details of the exceptional circumstances;
- the number of securities of the Company that he or she wishes to deal in;
- the way in which he or she wishes to deal in those securities;
- a request for clearance to deal in those securities; and
- confirmation that he or she is not in possession of any price sensitive information.

The Chairman or Company Secretary must consider the objectives of this policy and the purpose of the ASX Listing Rules in deciding as to whether to provide consent to deal in securities of the Company during a Restricted Period.

Any consent provided by the Chairman or Company Secretary under this policy must:

- be in writing (email is acceptable); and
- outline the duration of the clearance (no more than 5 trading days).

Clearance by the Chief Financial Officer or Company Secretary is intended as a compliance monitoring function only and is not an endorsement of the proposed dealing. KMP remain responsible for their own investment decisions and compliance with the law.

Notification of dealing in securities

KMP must notify the Chief Financial Officer or Company Secretary immediately after acquiring or disposing of a relevant interest in any securities of the Company.

Directors have entered into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters in sufficient detail to allow the Company to comply with the ASX Listing Rules.

Margin Lending

ASX, in its Companies Update of 29 February 2008, has also highlighted that in certain circumstances, the Company may be required to disclose details of the margin lending arrangements of KMP in respect of their securities of the Company (if any) if that information would be price sensitive under ASX Listing Rule 3.1.

To enable the Company to comply with ASX Listing Rule 3.1, any KMP who enter into margin lending arrangement or otherwise encumber their securities of the Company ('Security Arrangements') is required to provide details of those Security Arrangements to the Chairman (who will notify the Company Secretary) upon entering into, and on any change occurring to, the Security Arrangements. Security Arrangements may be subject to prohibitions on dealing in securities in the Company contained in this policy.

The details of the Security Arrangements that must be provided pursuant to the first paragraph in section "Margin Lending" must include the number of securities of the Company involved, any trigger points, the right of the lender or securityholder to sell the securities unilaterally and any other material details.

Directors Notification of dealings in Securities

ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within five business days.

Section 205G of the Corporations Act 2001 requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any Securities of the Company. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications.

ASIC has granted class order relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

Penalties

Strict compliance with this policy is a condition of employment. A contravention of this policy by any KMP may result in the summary dismissal of that person.

Application

This policy applies to all directors, employees and consultants and its subsidiaries.

For the purposes of this policy, directors, employees, and consultants “dealing” in securities of the Company includes associates of directors, employees and consultants dealing in securities of the Company. It is incumbent on each director and employee to take all reasonable steps to ensure that an associate does not deal in circumstances where the dealing could be attributed to the director or employee concerned and would involve a contravention of this policy if the dealing had been undertaken by the director or employee concerned. Associates include your relatives, entities which you control and entities you are acting in concert with.

Despite anything in this policy, the following types of dealing are excluded from the operation of this trading policy:

- transfers of securities of the Company already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary and where the investments are made at the discretion of a third party;
- an investment in, or dealing in units of, a fund or other scheme (other than a scheme only investing in securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a restricted person is a trustee, trading in securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- undertakings to accept, or the acceptance of, a takeover offer;
- dealing under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board of the Company. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- the exercise (but not the sale of securities of the Company following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security.

The Board of the Company has absolute discretion to prohibit directors, employees, and consultants from dealing in securities of the Company at any time.

Definitions

For the purposes of this policy:

- dealing in securities includes:
 - applying for, acquiring, or disposing of, securities;
 - entering into an agreement to apply for, acquire or dispose of, securities;
 - granting, accepting, exercising, or discharging an option or other right or obligation to acquire or dispose of securities;
 - trading in financial products issued or created over securities; and
 - entering transactions in financial products which operate to limit the economic risk of security holdings;
- KMP has the meaning given to it in the ASX Listing Rules and includes the people listed in Schedule 1;
- price sensitive information has the meaning given in section "What is insider trading" above;
- securities include shares, options over those shares and any other financial products of the Company traded on the ASX or the Toronto Venture Stock Exchange ('TSX-V').

Schedule 1

- Each Director of the Company;
- The Chief Executive Officer or Officer of the Company;
- The Company Secretary;
- All other executives who directly report to the Chief Executive Officer;
- Other executives as determined by the Board from time to time;
- Other than any of the persons listed above, an Officer of the Company as defined by section 9 of the Corporations Act
- Other than any of the persons listed above, an employee or consultant having authority and responsibility for planning, directing, and controlling the activities of the Company or any subsidiary of the Company.