



## **Chairman's address to Shareholders**

### **Annual General Meeting**

**26 November 2004**

Ladies and Gentlemen,

It is my pleasure to address you at this, the second Annual General Meeting of shareholders of D'Aguilar Gold Limited.

The past year has been one of establishment of a new Corporate entity in an environment of general and specific challenges and it is appropriate that I address you on these circumstances.

The most important issue for your Board is the corporate objective of value creation for shareholders. The reduction of D'Aguilar Gold's market capitalisation over the past 12 months is as concerning for your Board as it is for you. I would like to consider the factors contributing to the current share price at both the General and the Company specific levels.

### **The General Gold Exploration Investment Environment**

It is not unusual for a junior gold exploration company to reduce in value after listing unless a significant discovery is made. Unfortunately, despite a large amount of exploration effort, we have not made that discovery yet.

The gold price outlook is favourable and investor sentiment may have started to turn to the junior explorers. Despite the strong rise in the gold price in US \$ terms, however, the rising value of the A\$ has kept the gold price in A\$ terms relatively constant.

I would now like to turn to the specific issues facing your Company over the last 12 months.

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## Issues Specific to D'Aguilar Gold Limited

### a) Corporate

As a result of a catastrophic fire, which terminated the coal mining operation of D'Aguilar Gold's largest shareholder, Gympie Gold Limited was placed in liquidation. The news undermined investor confidence in D'Aguilar Gold and despite advice to the ASX that the exploration program would not be affected some small shareholders chose to sell.

Gympie Gold holds 25% of D'Aguilar Gold's ordinary shares and until the future of these shares has been clarified there exists a perception of a share overhang in the D'Aguilar Gold market. Your company will be working with the Gympie Gold liquidators to place these shares in the hands of long term investors in a way which will not disrupt the market.

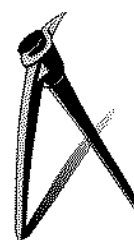
### b) Exploration at Kilkivan

Your Company has been working vigorously to compile existing information and explore the identified geological targets. A great deal has been achieved since the last meeting.

There have been many thousands of geological reports written and hundreds of thousands of geological data collected in the Kilkivan region by many mining companies, individual prospectors and geological students over the past 145 years. These data survive in many places and in variable conditions.

Your company has been compiling these data and has constructed a computerised multilayer database over the entire D'Aguilar Block project area. The database enables topographic, cadastral, geological (mine survey, samples and maps), geophysical (magnetic, gravity, radiometric etc) and assay data to be overlain to establish exploration patterns and relationships. This compilation is necessary for our exploration teams to select the best target areas to focus recent and future exploration drilling efforts. The database provides D'Aguilar with a competitive edge in the exploration of this province going forward and many new targets have been defined.

The database has so far led to the definition of two important regional strategies for the Kilkivan area.



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Firstly, we have defined a belt of mineralised intrusives along the western margin of the D'Aguilar Block. The Elginvale porphyry project lies within this belt. We intend to investigate this zone further for significant gold rich porphyry intrusives.

Secondly, we have ascertained by detailed scrutiny of the data base and the access to previous geological work, that the area hosts serpentinite belts, which are very high in background nickel and cobalt. We are re-evaluating a drilled nickel resource, which has potential for significant extensions.

A regional exploration strategy for nickel has identified the potential for nickel laterites, covering up to 40 square kilometres. This project has, for a very small expenditure, the possibility of yielding a very significant nickel laterite resource. In addition we believe that there may also be potential for the extraction of nickel from altered serpentinite host rocks, which contain nickel grades up to 1.6% Ni.

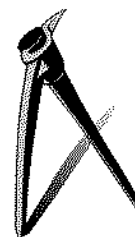
In parallel with the development of the database, your Company also embarked upon three exploration campaigns totalling 7,500 metres of drilling. The objectives fulfilled by these programs are as stated previously and restated here:

Firstly, to explore for porphyry gold deposits which have the potential to contain large volumes of gold or gold/copper ore. You may remember the exploration model outlined in the Prospectus.

The Elginvale intrusive system was selected, as the most mature porphyry target for this program. Drilling results at Elginvale have indicated large volumes of low grade (generally 0.5 g/t) gold in altered intrusives. Whilst some holes in the exploration program reached depths of 400 metres, it is believed that only the top of the intrusives have been sampled to date and deeper drilling will be required to fully understand the distribution of gold in these intrusive bodies.

The second objective was to find sufficient epithermal gold to justify reactivating the gold treatment plant at the old Shamrock Mine. Some exploration drillholes were located in prospective zones, within the old Shamrock Mine workings. Despite some early encouraging information, no commercial deposits have been found by our drilling to date in very close proximity to the Shamrock Mine. This target has now been moved to a lower priority.

The Manumbar epithermal gold system, where 50,000 ounces has previously been mined, was considered the next most drill ready target. Using the geological exploration adage of drilling adjacent and deeper to the known gold producing veins, an eight hole drilling program has been completed. The gold producing system has been extended down more than 200 metres but the contained gold found to date is of insufficient grade to mine.



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While the drilling did not result in the discovery of additional resources it has contributed to a marked enhancement of our understanding of these systems, enabling further investigation in the future. At Manumbar, our exploration personnel have conducted follow up ground magnetic surveys and have identified a number of additional prospective structures, which we are currently including in the forward exploration program.

The current focus on all other exploration targets is to utilise the database to identify potentially economic deposits, undertake detailed surface mapping and rock sampling, utilise follow up geophysical surveys and use all of the information to design drilling programs. Drilling programs are expensive and these techniques will optimise the design of such programs to maximise the chance of success at the lowest possible cost.

### **c) Other Tenements**

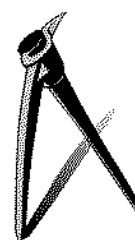
D'Aguilar's executive management is continually reviewing opportunities for participation in gold and mineral exploration projects with the potential to yield a world class orebody. Indeed the improving security status of Solomon Islands means that it is increasingly likely that in the coming year field activities on the Company's dormant Guadalcanal Gold Project, located beside the 2 million ounce Gold Ridge project may be able to recommence.

Further, your Company has identified and applied for a tenement containing a significant deposit of molybdenum at Andurambah, near Toowoomba. This deposit, previously explored by BHP in 1982, has identified 8 million tonnes of inferred resources containing 0.11 % molybdenum. With molybdenum at prices of US\$19/1b, such orebodies are again potentially economic.

### **Capital Management**

In keeping with the Board's philosophy of maintaining sufficient cash reserves whilst fulfilling the Company's value creation objectives, D'Aguilar Gold has announced this morning a Share Purchase Plan ("SPP"). You will be able to participate in the SPP at a competitive price. Further details will be released shortly.

The Board has adopted the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations and procedures have been instituted to see they are maintained.



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Lastly, your Company still has a gold exploration focus, but we will examine the opportunities identified in the database to spread exploration risks among other minerals in the Kilkivan area. Your Company will continue to seek potentially valuable tenements, when they become available, if we believe such actions can add value to shareholders.

## **Acknowledgements**

I would like to thank our Management, field and office staff for their dedication over the past year.

Board Member, Mr. Damien Reynolds, recently retired from the Board to pursue other interests and his contributions will be missed.

Finally, I would like to thank shareholders for your patience and ongoing support.

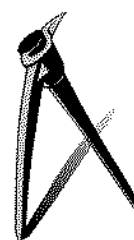
Chris Rawlings  
Chairman

On behalf of the Board  
D P Cornish,  
Company Secretary

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