D'AGUILAR
GOLD LIMITED
ACN 052 354 837

THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY

17 December 2004

Dear Shareholder

On behalf of the Board of Directors of D'Aguilar Gold Limited ("D'Aguilar"), I would like to invite you to participate in D'Aguilar's Share Purchase Plan (**"Plan"**).

The Plan provides only existing shareholders with an opportunity to purchase up to $5,000 worth of new shares in D'Aguilar at an attractive discount to the market price prior to the date of this Plan. The Board has structured the Plan to encourage our loyal, smaller shareholders to apply and increase their participation in D'Aguilar.

It is only existing shareholders as at 15 December 2004 who are afforded the opportunity to participate in the Plan. Non-shareholders will not receive an offer under the Plan.

The Company proposes a maximum raising of $1,289,520 comprising the offer of some 17,193,600 new shares.

The proposed use of the funds raised under the Plan is as follows:

- contributing to budgeted expenditure on existing mining tenements - $ 600,000
- meeting the costs of the Plan (including any fees and commissions) - $ 70,000
- working capital - $ 619,520

The terms and conditions of the Plan are outlined in the enclosed document. By making an application to purchase shares under the Plan, you will have agreed to be bound by those terms and conditions.

The right to participate in this offer under the Plan is available exclusively to persons who are registered as holders of fully paid ordinary shares in D'Aguilar Gold Limited at 5pm (Brisbane time) on the record date of 15 December 2004 and whose registered address was in Australia or in any other jurisdiction in which it is lawful for D'Aguilar to offer shares under the Plan.

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Eligible shareholders are entitled to apply for a ***maximum*** of $5,000 worth of new shares under the Plan.

You may apply for shares in one of the following amounts:

- $2,000; or
- $5,000.

The Subscription Price will be $0.075 [seven point five cents] per share which represents a discount of 24.6 % to the (weighted) average Market Price of D'Aguilar's shares on the ASX over the six month period commencing on 1 June 2004 and ending on 30 November 2004 and a 14.3% discount to the (weighted) average Market Price for November 2004.

To enable you to properly consider the offer under the Plan, set out below is a brief price history of the trading price of D'Aguilar's shares on the ASX over recent periods:

Period	High	Low	Weighted Average	Discount
1 June to 30 November 2004	11.50 cents	8.00 cents	9.95 cents	24.6%
1 November to 30 November 2004	9.00 cents	8.50 cents	8.75 cents	14.3%

Participation in the Plan is entirely at your discretion but the Plan is non-renounceable which means you cannot transfer your right to purchase shares under the Plan to anyone else.

On the basis of the issue price of shares under the Plan, the Directors highly recommend the Plan to shareholders. Each of the Directors intends, in respect of their own shareholdings, to apply for the maximum entitlement of $5,000 of new shares.

The application period will close at 5.00pm (Brisbane time) on 28 January 2005. Therefore, if you wish to apply for any shares under the Plan, you should follow the instructions outlined in the attached Application Form so payment is received at our Share Registry by that date.

It may be the case that existing shareholders in the Company may be eligible to participate in the offer of the Shortfall Shares if they satisfy the requirements of Section 708 of the Corporations Act. If you are interested in participating in the offer of Shortfall Shares you should contact your broker for further advice.

The Plan is fully underwritten. The Company has entered into a number of underwriting agreements on usual terms, with each underwriter agreeing to underwrite a portion of the new shares offered under the Plan. The Company will pay a fee of 5% of the underwritten amount to underwriters.

I look forward to you participating in D'Aguilar's Share Purchase Plan. On behalf of the Board of Directors of D'Aguilar, I commend this investment to you.

Yours sincerely

Christopher Rawlings
Chairman

D'AGUILAR GOLD LIMITED ACN 052 354 837 ("D'AGUILAR")

TERMS & CONDITIONS OF SHARE PURCHASE PLAN

1. DEFINITIONS

1.1 In this Plan, unless the context otherwise indicates:

"**Application Form**" means the application form distributed with these Terms and Conditions;

"**Application Amount**" means the total amount payable by an Eligible Shareholder who applies for Shares under the Plan based on the Subscription Price for the total number of Shares applied for by that Eligible Shareholder;

"**ASX**" means the Australian Stock Exchange Limited;

"**Board**" means the board of directors of D'Aguilar;

"**Eligible Shareholders**" means those Shareholders who satisfy the conditions set out in clause 2.1;

"**D'Aguilar**" means D'Aguilar Gold Limited ACN 052 354 837;

"**Listing Rules**" means the official listing rules of the ASX (as amended from time to time);

"**Market Price**" has the same meaning as defined in the Listing Rules;

"**Offer**" means a non-renounceable offer of up to $5,000 worth of ordinary fully paid shares in D'Aguilar to Eligible Shareholders under the Plan;

"**Plan**" means the D'Aguilar Gold Limited Share Purchase Plan approved by the Board;

"**Record Date**" means 15 December 2004;

"**Shareholders**" means those persons or entities that hold ordinary shares in the issued capital of D'Aguilar;

"**Shares**" means up to a maximum of 17,193,600 new ordinary shares in D'Aguilar to be issued pursuant to the Plan;

"**Shortfall**" means any Shares not taken up by Eligible Shareholders under the Plan;

"**Subscription Price**" mans the subscription price of the Shares being $0.075 per Share; and

"**Terms and Conditions**" means the terms and conditions set out herein.

2. ELIGIBILITY TO PARTICIPATE

2.1 Those shareholders of D'Aguilar that will be eligible to apply for Shares under the Plan must:

(a) be recorded in D'Aguilar's register of shareholders at 5.00pm (Brisbane time) on the Record Date; and

(b) have an address in a jurisdiction in which it is lawful and practical for D'Aguilar to issue the Shares (in the reasonable opinion of the Board).

2.2 The Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer.

3. TERMS OF THE OFFER

3.1 The Offer will be open on and from 9.00am (Brisbane time) on 17 December 2004 ("Opening Date") until, subject to the discretion of the Board, 5.00pm (Brisbane Time) on 28 January 2005 ("Closing Date").

3.2 The Board reserves the right to close the Offer at any time prior to the Closing Date and/or extend the Closing Date without further notification.

3.3 In response to the Offer, Eligible Shareholders:

(a) may apply for 26,667 Shares for $2,000; OR

(b) may only apply 66,667 Shares for $5,000, subject to clause 5.4.

3.4 All Offers for Shares under the Plan are non-renounceable.

3.5 Participation in the Plan by Eligible Shareholders is entirely optional and subject to these Terms and Conditions.

4. APPLICATIONS FOR SHARES

4.1 Eligible Shareholders wishing to apply for Shares under the Plan must:

(a) complete the Application Form;

(b) pay for the Shares in the manner specified on the Application Form; and

(c) forward the completed Application Form and payment for the Application Amount to D'Aguilar's Share Registrar at the addresses specified on the Application Form, to reach such addresses by no later than 5.00pm (Brisbane time) on the Closing Date.

4.2 All application monies will be deposited into an account and any application monies received in respect any applications rejected by the Board under clause 4.3 shall be refunded by D'Aguilar without interest.

4.3 The Board reserves the right to reject any application for Shares (in whole or in part) including (without limitation) if:

(a) an Application Form is not correctly completed; or

(b) the applicant is not an Eligible Shareholder; or

(c) the issue of those Shares would contravene any law or the Listing Rules; or

(d) the exact payment for the Shares applied for is not received; or

(e) it believes the issue of those shares may result in a person receiving shares with an application price totalling more than $5,000 in any consecutive 12 month period under the Plan; or

(f) if the applicant has not otherwise complied with the terms of the Plan.

4.4 The Board reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the Plan.

4.5 If there is a consolidation or re-organisation of the issued share capital of D'Aguilar prior to the Closing Date, the maximum number of Shares to be issued pursuant to and in accordance with the Plan shall be consolidated in the same ratio as the issued capital of D'Aguilar.

5. ISSUE OF SHARES

5.1 D'Aguilar intends to issue the Shares under the Plan on or about 11 February 2005 ("Issue Date"). D'Aguilar reserves the right to vary the Issue Date without further notice in the event that the Closing Date is varied pursuant to clause 3.2.

5.2 In respect of application monies received from an Eligible Shareholder, D'Aguilar will, prior to the Issue Date, determine the maximum number of Shares rounded up to the nearest whole number which may be acquired by any Eligible Shareholder.

5.3 The allocation of Shares will be determined by the Board at its sole discretion.

5.4 In the event that the Offer under the Plan is not fully subscribed, the Board of D'Aguilar reserves its right to issue Shares in excess of the maximum $5,000 worth of Shares specified in clause 3.3(b) ("Additional Issue"), to any person (whether or not such person is an Eligible Shareholder) so long as the Additional Issue:

(a) satisfies section 708 of the *Corporations Act 2001 (Cth)*; and

(b) any approval of Shareholders to the Additional Issue which is required under the Listing Rules or the *Corporations Act* is obtained.

5.5 D'Aguilar will apply to ASX for quotation of the Shares issued under the Plan and the Additional Issue (if any) within the period prescribed the Listing Rules.

6. SUBSCRIPTION PRICE

6.1 The Subscription Price of the Shares will be $0.075 per share.

6.2 The Shares are a speculative investment and the Market Price of the Shares may change between the Opening Date and the Issue Date. This means that the Subscription Price you pay for the Shares may exceed the Market Price of the Shares at the Issue Date. The Company does not make any assurance as to the Market Price of Shares and there can be no certainty that Shares in the Company will trade at or above the Subscription Price following the Issue Date. Shareholders should seek their own financial advice in relation to this Offer and participation in the Plan.

6.3 No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Shareholders in respect of an application for, and an issue of, Shares under the Plan.

6.4 The Company may pay brokerage and other commissions in respect of any subscriptions procured in respect of the Shortfall, as determined by the Board in its discretion.

7. NON-RESIDENTS

7.1 Eligible Shareholders who are not residents of Australia should consult their professional advisers as to whether any formalities need to be observed (either by them or the Company) to enable them to apply for Shares. It is the responsibility of such Eligible Shareholders to obtain all necessary approvals so they may legally apply for Shares. The return of a completed application form from a non-resident Eligible Shareholder will be taken by the Company to constitute a representation and warranty by that Eligible Shareholder that all relevant approvals have been obtained and that the Company may legally offer the Shares to that Eligible Shareholder.

8. GENERAL

8.1 The Board may change or terminate the Plan at any time prior to the Issue Date. In the event that the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the Plan, or the non-receipt of any such notice, will not invalidate the change or termination.

8.2 If the Plan is withdrawn, all application money will be refunded. No interest will be paid on any refunded application money.

8.3 In addition to any rights of the Board to reject applications as set out in these Terms and Conditions, the Board also reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the Plan if the Board believes that the allotment of those Shares would contravene any of the Listing Rules. In any such case, excess application monies will be returned to the relevant applicant(s). No interest will be paid on application monies so returned.

8.4 D'Aguilar may settle in any manner it deems appropriate, any disputes or anomalies which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any applicant or application of shares. The decision of D'Aguilar will be conclusive and binding on all persons to whom the determination relates.

8.5 D'Aguilar reserves the right to waive compliance with any provision of the Plan terms and conditions.