

Notice of Annual General Meeting and Explanatory Memorandum

D'Aguilar Gold Limited

ABN 67 052 354 837

Date of Meeting: 29 November 2010

Time of Meeting: 2.00pm (Brisbane time)

Place of Meeting: Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000



Notice is given that the Annual General Meeting of shareholders of D'Aguilar Gold Limited ABN 67 052 354 837 (**Company**) will be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, on 29 November 2010 at 2.00pm (Brisbane time).

Agenda

ORDINARY BUSINESS

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statements of Changes in Equity, Cash Flow Statements and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2010.

1. Resolution One - Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

"That, the Remuneration Report for the year ended 30 June 2010 (as set out in the Directors' Report) is adopted."

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

2. Resolution Two – Ratification of Placement Shares

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

"That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue by the Company of 23,291,458 Shares at an issue price of 3.5 cents per Share (**Placement Shares**) to those recipients set out in the Explanatory Memorandum accompanying this Notice of Meeting (**Placement Recipients**), in those proportions and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

NOTES:

- The rights attaching to the Placement Shares are identical in all respects to the existing ordinary shares on issue in the Company.
- The funds raised by the issue of the Placement Shares have and will continue to be used by the Company for:
 - payment of current creditors of the Company;
 - progress of the Company's ongoing business plan to list its project based subsidiary companies;
 - progress of the identification and initial exploration of new projects; and
 - payment of other corporate costs and to provide additional working capital.
- The Placement Shares were issued to investors that fall within one or more of the classes of exemptions specified in section 708 of the *Corporations Act 2001* (Cth).
- Further details of the Placement Shares are contained in the Explanatory Memorandum

accompanying this Notice of Meeting.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- any of the Placement Recipients; and
- any associate of a Placement Recipient.

However, the Company need not disregard a vote if:

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

3. Resolution Three – Re-election of Nicholas Mather as a Director

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

“That Mr Nicholas Mather, who retires by rotation in accordance with Article 40 of the Company’s Constitution and, being eligible, offers himself for re election, be re-elected as a Director.”

4. Resolution Four – Re-election of Vincent Mascolo as a Director

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

“That Mr Vincent Mascolo, who retires by rotation in accordance with Article 40 of the Company’s Constitution and, being eligible, offers himself for re election, be re-elected as a Director.”

5. Resolution Five –Election of William (Bill) Stubbs as a Director

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

“That Mr William Stubbs, who retires as a casual Director in accordance with Article 38 of the Company’s Constitution and, being eligible, offers himself for re election, be re-elected as a Director.”

6. Resolution Six - Grant of Options to Nicholas Mather

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

“That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 6,500,000 options to subscribe for Shares exercisable at \$0.28 each and expiring on 29 November 2013 to Nicholas Mather, being the Managing Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting”.

7. Resolution Seven - Grant of Options to William Stubbs

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

“That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 3,500,000 options to subscribe for Shares exercisable at \$0.28 each and expiring on 29 November 2013 to William Stubbs, being a Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting”.

8. Resolution Eight - Grant of Options to Brian Moller

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

“That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 3,500,000 options to subscribe for Shares exercisable at \$0.28 each and expiring on 29 November 2013 to Brian Moller, being a Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting”.

9. Resolution Nine - Grant of Options to Vincent Mascolo

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

“That in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 2,500,000 options to subscribe for Shares exercisable at \$0.28 each and expiring on 29 November 2013 to Vincent Mascolo, being a Director of the Company, or his nominee and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting”.

Notes:

A copy of this Notice of Meeting and the accompanying Explanatory Memorandum has been lodged with the Australian Securities & Investments Commission in accordance with section 218 of the Corporations Act.

A detailed summary of the proposed terms of the Options is contained within the Explanatory Memorandum.

The total number of Options to be issued to Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, or their respective nominees, is 16,000,000.

The Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting.

The Options are being issued for nil consideration and no funds will be raised by the issue of the Options.

Voting Exclusion Statement

The Company will disregard any votes cast on:

- Resolution 6 by Mr Mather and any associate of Mr Mather;
- Resolution 7 by Mr Stubbs and any associate of Mr Stubbs;
- Resolution 8 by Mr Moller and any associate of Mr Moller;
- Resolution 9 by Mr Mascolo and any associate of Mr Mascolo.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Specific comments relating to the Resolutions are set out in the Explanatory Memorandum.

By order of the Board

Karl Schlobohm
Company Secretary
25 October 2010

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of **D'Aguilar Gold Limited ABN 67 052 354 837 (Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane, Qld, 4000 on 29 November 2010 commencing at 2.00pm (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

2. Consider the Company's 2010 Annual Report

The Corporations Act requires the financial report, the Directors' report and the auditor's report to be tabled at the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the Directors' report or the auditor's report. The Company's 2010 Annual Report is placed before the Shareholders for discussion. No voting is required for this item. Shareholders can obtain a copy of the Company's 2010 Annual Report by sending a request to info@daguilar.com.au or by downloading a copy from the Company's website: www.daguilar.com.au.

3. Resolution One - Remuneration Report

The Board has submitted its Remuneration Report (included in the 2010 Annual Report) to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the 2010 Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

4. Resolution Two - Ratification of Share Placement

4.1 Background

Pursuant to Resolution 2, the Company is seeking Shareholder approval to ratify the previous issue of 23,291,458 Shares (**Placement Shares**) to those investors identified in the table below (**Placement Recipients**), each being an investor that falls within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

4.2 Listing Rule 7.4

As noted above, in accordance with Listing Rule 7.4, the Company is seeking Shareholders to ratify the previous issue of the Placement Shares, being issues of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

The Company seeks Shareholder approval to ratify the previous issue of the Placement Shares in accordance with Listing Rule 7.4 in order to refresh the Company's ability to issue up to 15% of its share capital (in a 12 month period) under Listing Rule 7.1.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- o did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1); and
- o holders of the ordinary securities subsequently approve the issue.

4.3 Terms of the Previous Issue of Shares

In accordance with Listing Rule 7.5 the Company advises that the Placement Shares were issued on 25 June 2010 to the Placement Recipients at 3.5 cents per Share and subject to no escrow restrictions. The Placement Shares are subject to the rights and obligations set out in the Company's Constitution and rank equally with the existing Shares at the time of issue.

The Placement Recipients, and the number of shares issued to each, are as follows:

Guy Lance Jones <BOQ Loan A/C>	1,150,000
Jones Org Pty Ltd	1,428,571
ANZ Nominees Ltd <Cash Income A/C>	150,000
Justevian Pty Ltd <Justevian Super A/C>	595,238
Robert Simeon Lord	2,800,000
Andrew Adcock Pty Ltd <Andrew Adcock Family A/C>	1,000,000
BT Portfolio Services Ltd <Warrel Holdings Super A/C>	1,428,571
Dougal Malcolm Henderson	351,400
Fortis Clearing Nominees <Settlement A/C>	1,500,000
John Christopher Walker	285,714
TC & SM Goodwin <Goodwin Super A/C>	200,000
GM & MM Josephson <Josephson Super A/C>	973,392
Clackmill Pty Ltd <Clackmannan A/C>	142,857
AB Cooke Superannuation Pty Ltd <The AB Cooke Super A/C>	714,286
Octifil Pty Ltd	857,143
Zeng Xian Xia	571,429
Christopher Lindsay Bollam	571,429
Flaskas Bickle Pty Ltd <Flaskas Bickel Investment A/C>	4,285,714
Wadley Bickel Pty Ltd <Wadley Bickel Investment A/C>	4,285,714

None of the Placement Recipients are related parties of the Company.

The Placement Shares represent a total of 7.2% of the Company's current issued share capital.

5. Resolution Three – Re-election of Mr Nicholas Mather as a Director

Mr Nicholas Mather retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as an Executive Director.

Mr Mather was appointed on 26 October 2001.

Mr Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognised resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies, Mr Mather brings a wealth of valuable experience.

He is currently CEO of Solomon Gold plc (AIM), Managing Director (and founder) of D'Aguilar Gold Ltd (ASX), Non-Executive Director of Mt Isa Metals Ltd (ASX) and Non-Executive Director of Bow Energy Ltd (ASX).

As an Executive Director (and co-founder) of Arrow Energy Ltd until 2004, Mr Mather was responsible for the generation of its Surat Basin Coal Bed Methane project. Arrow Energy Ltd was recently acquired for \$3.5 billion.

The Directors (with Mr Mather abstaining) recommend that you vote in favour of this Ordinary Resolution.

6. Resolution Four – Re-election of Mr Vincent Mascolo as a Director

Mr Vincent Mascolo retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Mr Mascolo was appointed on 30 September 2002.

Mr Mascolo is a qualified mining engineer with extensive experience in a variety of fields including, gold and coal mining, quarrying, civil-works, bridge-works, water and sewage treatment and estimating. Mr Mascolo has completed assignments in the Civil and Construction Industry, including construction and project management, engineering, quality control and environment and safety management.

Mr Mascolo is a member of both the Australian Institute of Mining and Metallurgy and the Institute of Engineers of Australia.

Mr Mascolo is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

The Directors (with Mr Mascolo abstaining) recommend that you vote in favour of this Resolution.

7. Resolution Five – Election of Mr William Stubbs as a Director

Mr William Stubbs retires as a casual Director in accordance with the Company's Constitution and, being eligible, offers himself for election as a Non-Executive Director.

Mr Stubbs was appointed on 26 November 2009.

Mr Stubbs is a lawyer of 35 years experience and has previously worked with D'Aguilar Gold Managing Director Nick Mather on the boards of numerous emerging globally significant resource companies. He was the co-founder of the legal firm Stubbs Barbelor and has practised extensively in the area of Commercial Law including Stock Exchange listings and all areas of mining law.

Mr Stubbs has held the position of Director of various public companies over the past 25 years in the mineral exploration and biotech fields. He is also the former Chairman of Alchemica Limited, and Bemax Resources N.L which discovered and developed extensive mineral sands resources in the Murray Basin. He was the founding Chairman of Arrow Energy. Mr Stubbs is Non-Executive Chairman of Stradbroke Ferries Limited (Director since 2005), as well as the Chairman of the Advisory Board of Tetra Q - the Commercial Arm of the Centre for Integrated Pre-clinical Drug Development of the University of Queensland. He also serves as a Non-Executive Director on the Board of Lodestone Energy Limited and Business Management Limited.

The Directors (with Mr Stubbs abstaining) recommend that you vote in favour of this Resolution.

8. Resolutions 6, 7, 8 and 9 – Issue of Options to Directors

8.1 Introduction

The Directors have resolved to refer to members for approval the proposed grant of 6,500,000 Options to Mr Mather, 3,500,000 Options to Mr Stubbs, 3,500,000 Options to Mr Moller and 2,500,000 Options to Mr Mascolo, (or their respective nominees) each a Director of the Company, (each a **Recipient**) exercisable at \$0.28 each and expiring on the 29 November 2013 (**the Director Options**). The Director Options will vest immediately on issue (**Vesting Date**) and be exercisable on or before 29 November 2013.

The terms of the Director Options are set out in more detail below.

Approval for the issue of the Director Options is sought in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the Director Options to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed.

8.2 Options Terms

A summary of the material terms of the Director Options is set out below:

- The securities to be issued to each Director are options to subscribe for fully paid Shares.
- The Director Options are to be issued for no consideration.
- The exercise price of each Director Option is \$0.28 (**Exercise Price**).
- The Director Options will vest on the date of issue.
- The Director Options will expire on 29 November 2013 (**Expiry Date**):
- Shares issued on exercise of the Director Options will rank equally with all existing Shares from the date of issue.
- The Director Options, once vested, may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Director Option multiplied by the number of Shares in respect of which Director Options are being exercised.
- The Director Options shall be unlisted but shall be transferable.

- Upon allotment of Shares pursuant to the exercise of Director Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.
- Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Director Options, in accordance with the requirements of the Listing Rules.
- Option holders do not participate in dividends or in bonus issues unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - the number of Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the Option holder which are not conferred on Shareholders; and
 - subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Company approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- If there is a bonus issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue.
- If, during the life of any Option, there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^1 = O - \frac{E [P - (S + D)]}{N + 1}$$

where

O^1 = the new exercise price of the Option

O = the old exercise price of the Option

E = the number of underlying securities into which one Option is exercisable

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date

S = the subscription price for a security under the pro-rata issue

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)

N = the number of securities with rights or entitlements that must be held to receive a right to one new security

- The terms of the Director Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change. However, the terms of the Director Options shall not be changed to reduce the Exercise Price, increase the number of Director Options or change any period for exercise of the Director Options.

8.3 Regulatory Requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed Resolutions 6 to 9, if passed, will confer financial benefits to the Recipients and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

(a) The related parties to whom Resolutions 6, 7, 8 and 9 would permit the financial benefit to be given

Each of Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo (or their respective nominees), being directors of the Company.

(b) The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

- the grant of 6,500,000 Director Options to Mr Mather as referred to in Resolution 6;
- the grant of 3,500,000 Director Options to Mr Stubbs as referred to in Resolution 7;
- the grant of 3,500,000 Director Options to Mr Moller as referred to in Resolution 8;
- the grant of 2,500,000 Director Options to Mr Mascolo as referred to in Resolution 9;
- the Director Options shall be issued for no cash consideration; and
- the Director Options shall be exercisable into fully paid Shares at an exercise price of \$0.28 each expiring on or before 29 November 2013.

(c) Directors' Recommendation

With respect to Resolution 6, Mr Stubbs, Mr Moller and Mr Mascolo recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Mather will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Stubbs, Mr Moller and Mr Mascolo considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options to a third party.

As Mr Mather is interested in the outcome of Resolution 6, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

With respect to Resolution 7, Mr Mather, Mr Moller and Mr Mascolo recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Stubbs will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Mather, Mr Moller and Mr Mascolo considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options to a third party.

As Mr Stubbs is interested in the outcome of Resolution 7, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

With respect to Resolution 8, Mr Mather, Mr Stubbs and Mr Mascolo recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Moller will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Mather, Mr Stubbs and Mr Mascolo considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options to a third party.

As Mr Moller is interested in the outcome of Resolution 8, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

With respect to Resolution 9, Mr Mather, Mr Stubbs and Mr Moller recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (i) the grant of the Director Options as proposed to Mr Mascolo will provide him with reward and incentive for future services he will provide to the Company to further the progress the Company;
- (ii) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (iii) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, Mr Mather, Mr Stubbs and Mr Moller considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options to a third party.

As Mr Mascolo is interested in the outcome of Resolution 9, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

(d) Directors' Interest and other remuneration

Mr Mather

Mr Mather has a material personal interest in the outcome of Resolution 6, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 6.

Excluding the Director Options, Mr Mather (and entities associated with him) holds 45,516,662 Shares in the Company and 2,000,000 options to subscribe for Shares in the Company, exercisable at \$0.275 on or before 30 June 2011. Please refer to the table below which indicates the holdings of Mr Mather (and entities associated with him).

Other than the Director Options to be issued to Mr Mather pursuant to Resolution 6, Mr Mather shall receive director's remuneration of \$175,000 per annum (total cost to the Company) from the Company for his services as an Executive Director.

Mr Stubbs

Mr Stubbs has a material personal interest in the outcome of Resolution 7, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 7.

Excluding the Director Options, Mr Stubbs (and entities associated with him) holds 756,818 Shares in the Company and no options to subscribe for Shares in the Company. Please refer to the table below which indicates the holdings of Mr Stubbs (and entities associated with him).

Other than the Director Options to be issued to Mr Stubbs pursuant to Resolution 7, Mr Stubbs shall receive director's remuneration of \$50,000 per annum (total cost to the Company) from the Company for his services as Non-Executive Chairman.

Mr Moller

Mr Moller has a material personal interest in the outcome of Resolution 8, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 8.

Excluding the Director Options, Mr Moller (and entities associated with him) holds 1,301,909 Shares in the Company, and 500,000 options to subscribe for Shares in the Company, exercisable at \$0.275 on or before 30 June 2011. Please refer to the table below which indicates the holdings of Mr Moller (and entities associated with him).

Other than the Director Options to be issued to Mr Moller pursuant to Resolution 8, Mr Moller shall receive director's remuneration of \$40,000 per annum (total cost to the Company) from the Company for his services as an Non-Executive Director.

Mr Mascolo

Mr Mascolo has a material personal interest in the outcome of Resolution 9, as it is proposed that Director Options be granted to him (or his nominee) as set out in Resolution 9.

Excluding the Director Options, Mr Mascolo (and entities associated with him) holds 2,546,207 Shares in the Company, and 500,000 options to subscribe for Shares in the Company, exercisable at \$0.275 on or before 30 June 2011. Please refer to the table below which indicates the holdings of Mr Mascolo (and entities associated with him).

Other than the Director Options to be issued to Mr Mascolo pursuant to Resolution 9, Mr Mascolo shall receive director's remuneration of \$40,000 per annum (total cost to the Company) from the Company for his services as an Non-Executive Director.

If all of the Director Options granted are exercised by Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, the following will be the effect on their holdings in the Company:

Director (including associated entities)	Current Share Holding	% of Total Share Capital (322,002,760 shares on issue*)	Share Capital Upon Exercise	% of Total Share Capital (338,002,760 shares on issue*)
Mr Mather	45,516,662	14.14%	52,016,662	15.39%
Mr Stubbs	756,818	0.24 %	4,256,818	1.26%
Mr Moller	1,301,909	0.40%	4,801,909	1.64%
Mr Mascolo	2,546,207	0.79%	5,046,207	1.49%

*Assuming that none of the following current unlisted options (**Unlisted Options**) on issue are exercised:

- (a) 3,000,000 existing directors' options exercisable at \$0.275 each expiring 30 June 2011;
- (b) 300,000 employee options exercisable at \$0.275 each expiring on 30 June 2011;
- (c) 1,000,000 management options exercisable at \$0.09 expiring on 30 April 2011;
- (d) 1,000,000 management options exercisable at \$0.12 expiring on 30 April 2011; and
- (e) 1,000,000 management options exercisable at \$0.15 expiring on 30 April 2011.

In the event that all Director Options granted are exercised by Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo as well as all other outstanding issued options, the following will be the effect on their holdings in the Company:

Director (including associated entities)	Current Share Holding	% of Total Share Capital (322,002,760 shares on issue*)	Share Capital Upon Exercise	% of Total Share Capital (344,302,760 shares on issue*)
Mr Mather	45,516,662	14.14%	54,016,662	15.98%
Mr Stubbs	756,818	0.24 %	4,256,818	1.26%
Mr Moller	1,301,909	0.40%	5,301,909	1.57%
Mr Mascolo	2,546,207	0.79%	5,546,207	1.64%

Notes:

1. Assuming that all of the 6,300,000 current options on issue are exercised.

(e) Valuation

The Director Options are not currently quoted on the ASX and as such have no market value. The Director Options each grant the holder thereof a right to subscribe for one Share upon exercise of each Director Option and payment of the Exercise Price of the Director Option described above. Accordingly, the Director Options may have a present value at the date of their grant.

The Director Options may acquire future value dependent upon the extent to which the Shares exceed the Exercise Price of the Director Options during the term of the Director Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether or not the options are listed (ie readily capable of being liquidated);

and so on.

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has sought an independent valuation of the Director Options from RFC Corporate Finance Ltd. The method used to value the options was the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in the valuation applying the Black-Scholes Model was:

- an exercise price of the options being \$0.28;
- a market price of Shares of \$0.13 being the closing price of Shares prior to the 21 October 2010 valuation, as a proxy for the market price at the future date of issue, being the date of the Annual General Meeting to approve the issue;
- the Director Options vesting on the date of issue, being 29 November 2010;
- the Expiry Date of 29 November 2013.
- a volatility measure of 100%;
- a risk-free interest rate of 5.14%; and
- a dividend yield of 0.00%.

Some relatively minor variables were included in the calculation to estimate the value of Director Option as "American style" options (being exercisable at any time prior to the stated expiry date). Theoretically, the Black-Scholes Model prices "European style" options (being exercisable only on this exercise date).

Based on the valuation, the Company has adopted an indicative value for the Director Options of \$0.06378 each.

On that basis, the respective value of the Director Options to be issued pursuant to Resolutions 6, 7, 8 and 9 are as follows:

- Mr Mather – \$414,570
- Mr Stubbs – \$223,230
- Mr Moller – \$223,230
- Mr Mascolo – \$159,450

(f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of the Directors save and except as follows:

Market Price movements:

The option valuation noted above is based on a market price of the Shares at the time of the valuation dated 21 October 2010 of \$0.13.

There is a possibility that the market price of the Shares on the date of issue of the Director Options will be different to this and that the market price of the Shares will change up to the date of the Annual General Meeting.

The effect on the valuation per option of movements in the market price of the Shares is set out below:

Market Price	Valuation per option
\$0.10	\$0.0437
\$0.15	\$0.0780
\$0.200	\$0.1156
\$0.250	\$0.1554
\$0.300	\$0.1968
\$0.350	\$0.2393

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Director Options to Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, or their respective nominee, is the potentially diluted impact on the issued Share capital of the Company (in the event that the Director Options are exercised). Until exercised, the issue of the Director Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Director Options is dependent upon a concomitant increase in the value of the Company generally.

Trading History of the Shares

As at 22 October 2010, the closing price of Shares on ASX was \$0.15.

Set out below is the trading history of the Shares over the past 12 months.

	Market Price 6 months prior to Notice of Meeting	Market Prices 12 months prior to Notice of Meeting
High	\$0.18	\$0.18
Low	\$0.03	\$0.03
VWAP	\$0.10	\$0.09

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Director Options. No GST will be payable by the Company in respect of the grant of the Director Options (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions

attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Dilutionary Effect

If all of the Director Options granted to, together with all existing options currently held by, Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo are exercised, the following will be the effect on the current issued capital of the Company:

Shareholders	Current Share Capital		Share Capital Upon Exercise	
Current Shareholders*	271,881,164	84.43%	271,881,164	79.73%
Mr Mather	45,516,662	14.14%	54,016,662	15.98%
Mr Stubbs	756,818	0.24%	4,256,818	1.26%
Mr Moller	1,301,909	0.40%	5,301,909	1.57%
Mr Mascolo	2,546,207	0.79%	5,546,207	1.64%
Total	322,002,760	100.00%	341,002,760	100.00%

*Assuming that none of the following current unlisted options (**Unlisted Options**) on issue are exercised (but that all unlisted options held by the Directors are exercised):

- (a) 300,000 employee options exercisable at \$0.275 each expiring on 30 June 2011;
- (b) 1,000,000 management options exercisable at \$0.09 expiring on 30 April 2011;
- (c) 1,000,000 management options exercisable at \$0.12 expiring on 30 April 2011; and
- (d) 1,000,000 management options exercisable at \$0.15 expiring on 30 April 2011.

In the event that, in addition to the above, all other existing options on issue (being 3,300,000 options) are exercised, current shareholders would hold 79.92% of 344,302,760 shares then on issue.

Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. Each of Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo, being a Director of the Company, is a related party. Accordingly, because the issue of the Director Options will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The maximum number of Director Options to be issued to Mr Mather, Mr Stubbs, Mr Moller and Mr Mascolo is 16,000,000 Director Options, being:
 - 6,500,000 Director Options to Mr Mather or his associate;
 - 3,500,000 Director Options to Mr Stubbs or his associate;
 - 3,500,000 Director Options to Mr Moller or his associate;

- 2,500,000 Director Options to Mr Mascolo or his associate.
- The Director Options are intended to be granted as soon as possible following the meeting, but in any event, within one (1) month of the date of the Meeting.
- The Director Options are being issued for nil consideration.
- No funds are being raised by the grant of the Director Options.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 6, 7, 8 and 9.

8. Interpretation

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited ACN 008 624 691;

Board means the board of directors of the Company;

Company means D'Aguilar Gold Limited ABN 67 052 354 837;

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time;

Director means a director of the Company;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Listing Rules means the official listing rules of the ASX;

Meeting and Annual General Meeting means the annual general meeting to be held on 29 November 2010;

Notice of Meeting means this Notice of Meeting convening the Meeting and the Explanatory Memorandum;

Option means an option to subscribe for a Share on the terms set out in the Explanatory Memorandum;

Resolution means a resolution proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Karl Schlobohm (Company Secretary):

D'Aguilar Gold Limited

Street address: Level 5, 60 Edward Street, Brisbane QLD 4000

Postal address: GPO Box 5261, Brisbane QLD 4001

Ph: (07) 3303 0680 **Fax:** (07) 3303 0681

Email: kschlobohm@daguilar.com.au

Proxy, Representative and Voting Entitlement Instructions

Proxies and Representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

D'Aguilar Gold Limited

Street address: Level 5, 60 Edward Street, Brisbane QLD 4000

Postal address: GPO Box 5261, Brisbane QLD 4001

Ph: (07) 3303 0680 **Fax:** (07) 3303 0681

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm 27 November 2010 (Sydney time). Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

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

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

Proxy Form

APPOINTMENT OF PROXY

I/We being shareholder(s) of D'Aguilar Gold Limited (Company) hereby appoint:

the Chairman of the Meeting **OR**
(mark with an "X")

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of D'Aguilar Gold Limited to be held at Level 7, Waterfront Place, 1 Eagle Street Brisbane, Qld on 29 November 2010 at 2.00pm (Brisbane time) and at any adjournment of that meeting.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do NOT wish to direct your proxy how to vote as your proxy in respect of the resolution/s, please place a mark in the box opposite.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolution 5 (**Relevant Resolution**) and that votes cast by the Chair of the meeting for the Relevant Resolution other than as proxy holder will be disregarded because of that interest.

If the Chair of the meeting is your proxy and you do not mark this box or direct the Chair of the meeting how to vote above, the Chair of the meeting will not cast your votes on the Relevant Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Relevant Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of the resolutions including the Relevant Resolution.

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/s he has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is%. (An additional proxy form will be supplied by the Company on request).

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is shares (Note: proxy will be over all shares if left blank).

I/we direct my/our proxy to vote as indicated below:

Resolution	For	Against	Abstain
1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Nicholas Mather as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of Vincent Mascolo as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Appointment of William Stubbs as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grant of Director Options to Nicholas Mather	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Grant of Director Options to William Stubbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Grant of Director Options to Brian Moller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Grant of Director Options to Vincent Mascolo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Individual or Security holder 1

Security holder 2

Security holder 3

Proxy Form



Sole Director and Secretary
(if appointed)

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date