

Yilgarn Gold Limited

ABN 34 002 527 906

Yilgarn

Annual Report 2002

Corporate Directory

Directors

Reginald George Eccles
Lex Howard John Brailey
Kenneth Andrew George
Peter Reynold Ironside

Company Secretary

Peter Reynold Ironside

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Solicitors

Steinepreis Paganin
Level 14, Chancery House
37 St George's Terrace
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Auditor

PricewaterhouseCoopers
QV1
250 St George's Terrace
PERTH WA 6000

Stock Exchange Listing

Australian Stock Exchange Limited
(Home Branch - Perth)
ASX Code: YGL

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Chairman's Statement

Dear Shareholder

The past year has been a very eventful one for your Company. Since the re-listing of its securities on the ASX at the beginning of November 2001, Yilgarn Gold Limited ("Yilgarn Gold" or the "Company") has put in place a business plan focussed on the identification of drill targets with the potential to yield relatively shallow, high grade gold intersections amenable to selective mining. Western Australia hosts numerous such targets, typically centered around old underground workings, which as a result of significant improvements in drilling and mining technology now afford the opportunity of commercial exploitation.

On the 24th July 2002, Shareholders unanimously approved a series of special resolutions including the purchase of Resource Assets Pty Ltd, two new board appointments and the change of the Company's name to Yilgarn Gold Limited. The choice of name is very deliberate. The Yilgarn region of Western Australia, one of the Earth's great mineral fields, boasts a well developed infrastructure and is of growing renewed interest amongst international investors. Your Company intends to focus its operations aggressively in this environment and take full advantage of the opportunities on offer.

A strict set of criteria for prospect selection has been adopted with the aim of maximising the amount of drilling the Company can achieve in any given quarter, whilst keeping other overheads to a minimum. Your Company does not intend taking on any large exploration acreage which requires extensive and expensive remote sensing, soil sampling and first pass geochemical drilling.

To date, your Company has identified a number of targets which meet its criteria and the first phase of drilling has been conducted on the Goodenough Project (part of the Resource Assets acquisition) at Menzies, 130km north of Kalgoorlie in WA. Results have been encouraging and a second round of drilling is planned to begin shortly. This project offers the potential to yield the style of 'quality ounces' we are seeking. In addition, the project area boasts a pre-defined open pit resource of, currently, 36,000 tonnes grading 4.2g/t. This latter zone will be subject to further drilling aimed at both the extension and early monetisation of this resource.

An exciting development has been the restoration of your Company's 100% ownership of the New Bulong Project, 30km to the east of Kalgoorlie in WA. After a protracted period of negotiation, the Company has exercised its pre-emptive right to purchase the interest of its joint venture partner, AngloGold Australia (Brocks Creek) Pty Ltd ("AngloGold"). Although it will be some time before all the data inherited from AngloGold has been put through Yilgarn Gold's target selection process, a number of drill targets have already been identified.

Further work has been completed in defining drill targets on the recently acquired 'Great Southern' project, 170km south of Southern Cross in WA. Re-interpretation of early ground magnetic profiles generated by Western Mining Corporation has resulted in an enhancement of our understanding of this project.

The Company also has a number of other prospects that are currently subject to joint venture, with the other parties responsible both for earning their interest through exploration and for maintaining the tenements in good standing. A review of these ventures is planned with the aim of determining their relevance to your Company's property portfolio.

Finally, I would like to thank our technical team for their work during this extended planning phase, and of course, our Shareholders who have given us such solid support during the last twelve months.



Reg Eccles
Chairman

Review of Activities

Significant Events

August 2001	the Company successfully raised \$741,525, net of costs, from a rights issue offered to Shareholders on the basis of 4 new shares for every 1 share held, at an issue price of 5 cents.
November 2001	the ASX lifted the suspension on the Company, and trading of the Company's shares recommenced.
April 2002	Shareholders approved the change of the Company's status to a public company limited by shares and accordingly adopted a new constitution. Subsequent to year end, on 4 July 2002, the Company's name changed to 'General Gold Resources Limited' (previously General Gold Resources NL).
April 2002	the Company successfully raised \$498,564, net of costs, from a rights issue offered to Shareholders on the basis of 1 new share and five attaching options for every 10 shares held, at an issue price of 7.5 cents per share and 1 cent per option.
May 2002	the Company acquired a new exploration prospect, referred to as the Great Southern prospect for consideration of \$40,000 cash and 450,000 fully paid shares in the Company at an issue price of 9.5 cents.
July 2002	the Company acquired from AngloGold Australia (Brocks Creek) Pty Ltd their 81.77% in the New Bulong Joint Venture for a cash consideration of \$150,000. Yilgarn Gold now has a 100% interest in the New Bulong project.
July 2002	Shareholders approved the acquisition of 100% of Resource Assets Pty Ltd ("Resource") in consideration of 4,500,000 Shares and 1,250,000 Options in the Company. Resource is a Kalgoorlie based company which specialises in researching and identifying high grade gold underground narrow vein opportunities in the Eastern Goldfields of Western Australia. A significant database has been compiled by Resource and it has acquired the historic Goodenough gold mine in the Menzies region of the Eastern Yilgarn. This property presents immediate highly prospective drill targets.
July 2002	Shareholders approved the change of the Company name to Yilgarn Gold Limited (approved by ASIC on 7 August 2002).

EXPLORATION

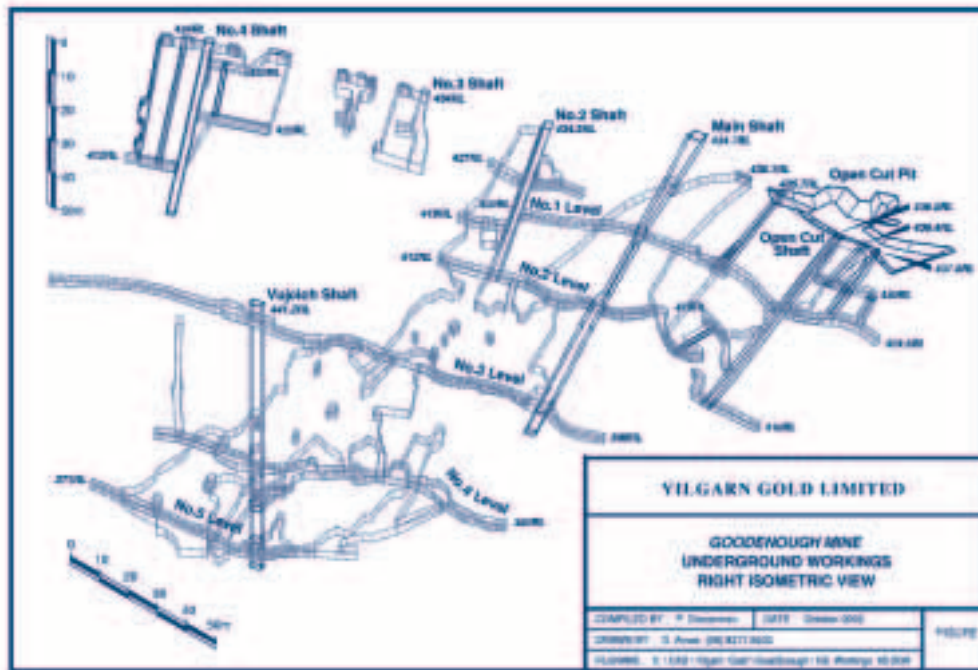
The Goodenough Project

The first phase of RC drilling was completed at the Goodenough project. Eighteen holes were drilled on five targets for a total of 1500 metres. The rig commissioned for this metreage was rated at 1800cfm/900psi, utilising a face sampling hammer. This programme resulted in the following progress:

- Confirmation of the existence of a second mineralised shoot immediately to the west of the Vujcich shaft.
- Discovery of a second mineralised zone beneath the main shoot.
- Enhancement of the potential to increase the surface inferred resource of 36,000 tonnes of material grading 4.2g/t previously outlined by Aberfoyle Exploration Pty Ltd.
- Excellent correlation between initial repeat fire assay results and subsequent total cyanide leach extractions.
- Recoveries of between 97% and 98% were achieved within the first hour and a half of total cyanide leach extraction.

Planning has been completed for the next phase of drilling on the Goodenough project to test the extensions of the known inferred open pit resource and extensions to the known underground mineralisation.

Review of Activities



New Bulong Project

The New Bulong project comprises of approximately 74km² of the highly prospective Archaean Norseman-Wiluna greenstone belt and is situated 30km east of Kalgoorlie. Following the acquisition of AngloGold Australia (Brocks Creek) Pty Ltd's interest in the project, Yilgarn Gold has taken delivery of all soft and hard copy data relating to the New Bulong project and is in the process of arranging storage facilities to hold the considerable amount of physical samples and diamond drill core generated by the various exploration campaigns conducted over the period of the joint venture. In recent times (post 1996), approximately A\$3.3m has been spent on this 74km² area, initially by Acacia Resources Limited and then by AngloGold Australia Limited. Work conducted included aerial magnetics, ground geochemical sampling, auger drilling, RAB drilling, aircore drilling, shallow RC drilling, deeper RC drilling and limited diamond core drilling.

Numerous anomalies have been delineated within the substantial 19km strike length of the project, which for the purpose of this review has been divided into:

1. The southern area which includes the Queen Margaret line of historic workings;
2. The central area referred to as Virgin Dam; and
3. The northern area which contains the Woodline and Anomaly 38 prospects.

All of these areas have yielded significant high grade assay results and offer immediate high calibre follow-up drill targets. Work is continuing on the installation of all project electronic data files into Yilgarn Gold's exploration software.

New Bulong - Area One

Initial data review on the historic Queen Margaret line of workings, (an area which produced official production figures of 120,000 ounces) has focussed on re-modelling historic events and coalescing these with more recent results. It is obvious from this first pass of the data that a considerable number of drill targets are on offer within the approximate five kilometre strike length of Area one. It is the opinion of Yilgarn Gold that the nature of these targets fits the prospect philosophy of the Company, and that is to target zones with the potential to yield relatively shallow, high grade quartz vein/lode style structures amenable to selective mining with the view to producing 'quality ounces'.

New Bulong – Area Two

Referred to as Virgin Dam, the main Virgin Dam prospect sits approximately in the centre of Area Two. Exploration carried out by both Acacia Resources Limited and AngloGold Australia Limited has delineated a significant zone of interest in diamond drill hole BUD002.

Review of Activities

Virgin Dam Diamond Drill Assay

Interval in Hole No BUD002 - Intersection quoted as 10 metres @ 7.45g/t from 210-221 metres:

1m @ 1.9 g/t Au	1m @ 1.3 g/t Au (visible gold)
1m @ 18.2 g/t Au (visible gold)	1m @ 4.3 g/t Au
1m @ 15.2 g/t Au (visible gold)	1m @ 7.3 g/t Au
1m @ 3.9 g/t Au	1m @ 4.7 g/t Au
1m @ 1.4 g/t Au	1m @ 8.2 g/t Au

New Bulong – Area Three

Area Three contains the Woodline and Anomaly 38 prospects.

Results from recent AngloGold Australia Limited's RC drilling on Anomaly 38 include the following intersections:

9m @ 9.3 g/t Au	2m @ 14.2 g/t Au
3m @ 31.4 g/t Au	9m @ 1.3 g/t Au
2m @ 38.4 g/t Au	1m @ 14.3 g/t Au
10m @ 7.0 g/t Au	4m @ 2.6 g/t Au

The Company envisages that further interpretation of results achieved to date will result in a follow-up drill programme beginning in January 2003.

Great Southern Project

The Great Southern project is located 13.5km south east of the "Four Ways Crossing" at Forrestania. Historically, the Great Southern was the first gold discovery and producer in the Forrestania area of Western Australia. Gold production for the small underground workings was limited.

In recent times, an open cut to 6 metres has been developed by a small syndicate operation with limited production. Some small high grade parcels were treated at the Batteries in Marvel Loch and Kalgoorlie in the 1980's.

The Great Southern is located in an east south east trending shear zone, hosted in altered granites. Limited drilling was completed in 1987 and the anomalous areas have not been followed up by drilling or development.

Immediate drill targets have been identified on the Great Southern lease.

Past production history includes recent small scale underground mining of rich gold in quartz specimen stone. Close spaced, accurately controlled, open face sampling RC drilling is planned to follow this shoot down dip, in addition to more broadly spaced deeper drilling along strike.

Mt Mulgine Project

The Mt Mulgine project is located 70km west of Paynes Find within the Yalgoo-Singleton greenstone belt of the Archaean Murchison Province of the Yilgarn Craton. The area comprises a succession of complex, deformed amphibolite facies mafic, ultramafic and sedimentary rocks intruded by granitoid stocks, sills and quartz porphyries.

Gindalbie Gold NL (Gindalbie) acquired a 51% equity in the project in June 2001 and has elected to expend a further \$315,000 to increase their equity to 60%. As operators of the project, Gindalbie have concentrated on defining the higher grade zones of gold mineralisation at the Highland Chief, Camp and Trench prospects, suitable for trucking to their recently commissioned Minjar Gold project treatment facility. Detailed investigations are continuing into the economic viability of the high-grade tungsten mineralisation at the Hill prospect and its possible treatment through the Minjar plant.

In December 2000, complaints for forfeiture of four of the Mt Mulgine project tenements were lodged on the basis of insufficient exploration expenditure. The complaints were vigorously defended by Gindalbie, and in September 2002 the Warden handed down his decision to recommend the grant of the exemption applications and adjourned the complaints pending the decision of the Honourable Minister on the recommendation.

Review of Activities

Browns Lagoon Project

The Browns Lagoon project is located 60km northwest of Kalgoorlie and comprises a 6.5km zone of the prospective Zuleika Shear Zone where segments of greenstone stratigraphy are cut by major structural corridors along strike from known gold resources.

AurionGold Limited commenced exploration on this 'grassroots' property in February 2000 and is currently earning a 60% equity in the project by the expenditure of \$300,000 over four years. To date its RAB drilling has identified low level gold anomalism in the northwestern portion of the tenements along the Kurrawang metasediment-ultramafic contact.

The southeastern portion of the project, situated within tenement P24/3598 and encompassing the Browns Lagoon has been the subject of an anthropological Heritage Survey. The findings of this survey resulted in the lagoon and the immediate Tea Tree environment being listed as a site of significance.

Foley Well Project

The Foley Well project lies 140km northeast of Kalgoorlie and is situated within the southern Laverton Tectonic Zone, regarded to be one of the most prospective gold exploration areas of the Eastern Goldfields. Gutnick Resources NL commenced 'grassroots' exploration on the project in July 2000 and is earning a 70% interest in the project by the expenditure of \$450,000 over five years.

The project tenements lie to the south and within a similar tectonic setting to the major gold deposits of Sunrise Dam, Wallaby-Just in Case, Granny Smith and Red October.

Clinker Hill Project

The Clinker Hill project is located 25km southeast of Kalgoorlie within the Norseman-Wiluna greenstone belt adjacent to the Golden Ridge Mining Centre and the Mount Monger Fault. Previous geochemistry in this area has at times been ineffective due to thick deposits of transported lateritic clays and alluvial sediments.

In November 2001 New Hampton Goldfields Limited surrendered all their rights, title and interests in E26/77 under the previous Option Deed.

Yilgarn Gold has retained the most prospective portion of the project as MLA26/766 to enable further systematic evaluation of structural targets associated with the Mount Monger Fault.

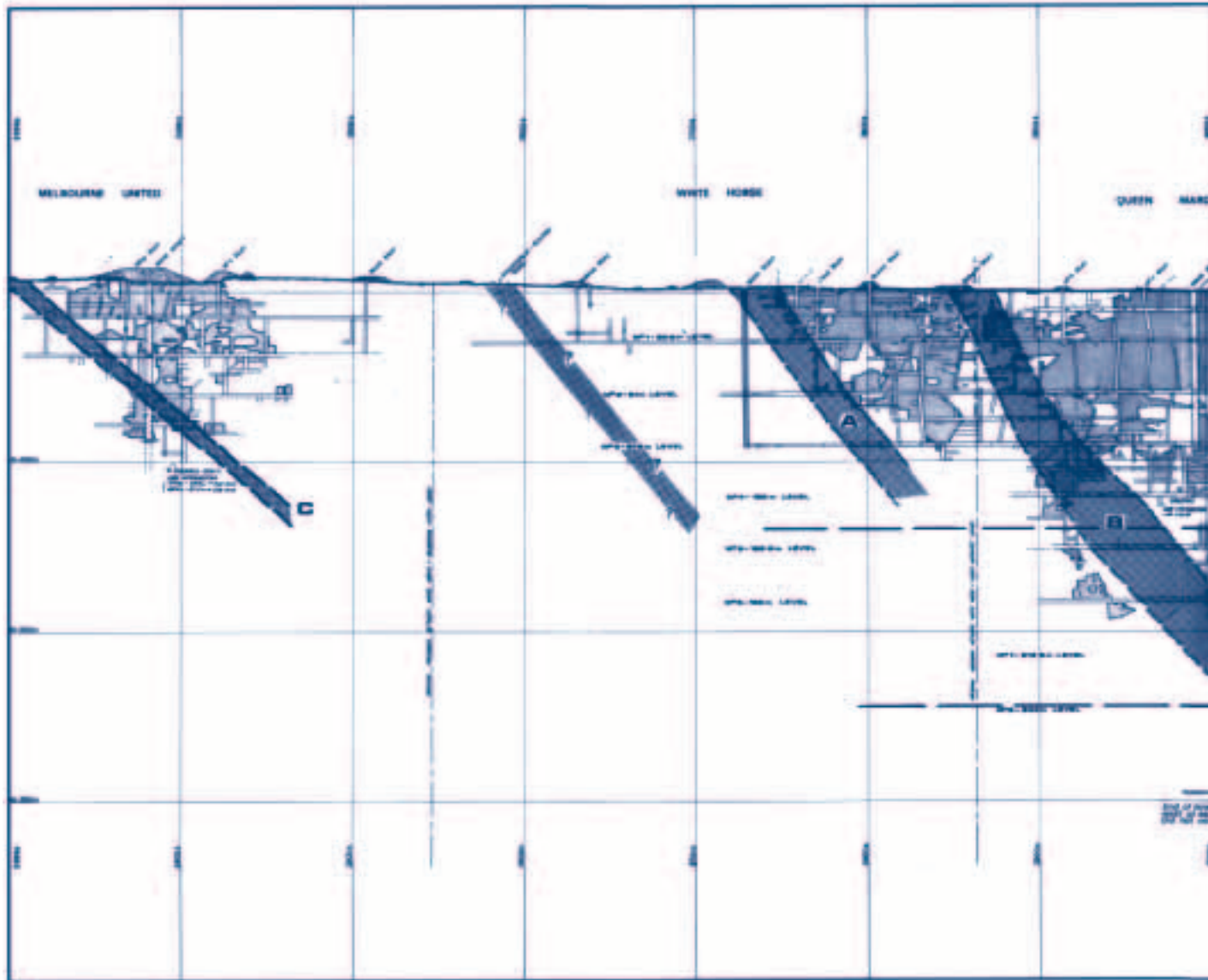
Cowarna Rocks Project

The Cowarna Rocks project comprises an Exploration Licence Application, E28/1041 situated 85km east of Kalgoorlie and consists of approximately 17km² of the Jubilee Greenstone Terrane of the Eastern Goldfields Province. The application is in competition with a number of similar applications and a future ballot will decide the successful applicant.

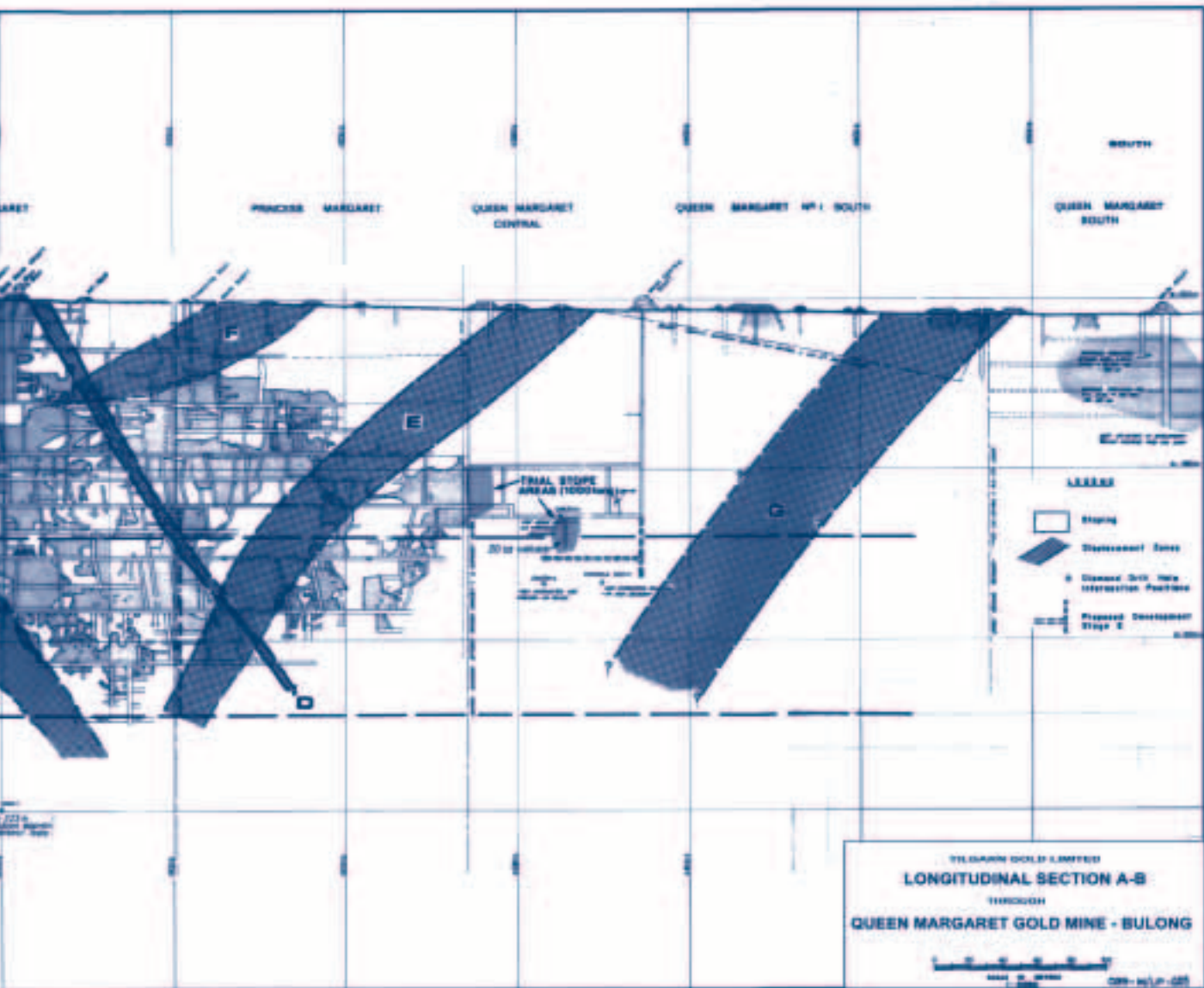
The greenstone sequence within the licence application has potential for both shear hosted gold-quartz stockworks and komatiite-hosted nickel sulphide mineralisation. The application is currently unavailable for exploration, but a staged exploration program is planned to follow the tenement's successful approval.

Review of Activities

New Bulong - Queen Margaret Historical Workings



Review of Activities



Directors' Report

Your Directors submit their report for the year ended 30 June 2002.

DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Current

Reginald George Eccles	-	appointed 24 July 2002
Lex Howard John Brailey	-	appointed 29 October 2001
Kenneth Andrew George	-	appointed 24 July 2002
Peter Reynold Ironside	-	appointed 24 July 2001

Former

Richard Monti	-	appointed 18 December 2001, resigned 12 August 2002
Christopher J Barker	-	resigned 18 December 2001
Michael van Rens	-	resigned 29 October 2001
Barry J Casson	-	resigned 24 July 2001
Christopher J Wiggins	-	resigned 24 July 2001

INFORMATION ON DIRECTORS

Reginald George Eccles (Non-Executive Chairman)

Mr Reg Eccles is based in the UK and his experience includes Managing Director European Operations and Head of Global Mining for Australian stockbroker Ord Minnett, Head of Australian Equity Business in Europe and Head of Global Mining Equities for SBC Warburg, and Global Head of Mining Equities for ABN Amro.

Mr Eccles brings to the Board his vast knowledge of the resource sector and the global capital markets. He continues to be an active member of the Board in guiding the Company forwards.

Lex Howard John Brailey (Managing Director)

Mr Brailey has extensive executive experience as a senior resources analyst and dealer with both local and international stockbrokers including James Capel in both London and Australia, Jacksons Limited, and as Head of Mining of Sydney based broker Ord Minnett. He was Chairman and Managing Director of Taurus Resources NL, Austplat Resources NL and Western Reefs NL. Responsible for many capital raisings in the junior resource sector, his field experience includes prospecting, pegging, geophysics and drilling.

Kenneth Andrew George (Non-Executive Director)

Mr Andy George is a highly qualified and experienced engineer, ex WMC Resources Limited (WMC) where he had senior maintenance engineering and construction roles within various operations including the Kambalda Nickel Operations, Central Norseman Gold Corporation, Kalgoorlie Nickel Smelter and Roxby Downs and numerous other WMC projects. He is Managing Director and owner of Rapallo Pty Ltd (Rapallo), a specialist Kalgoorlie based engineering firm with many high profile clients. Rapallo is currently project manager for the new LionOre Thunderbox Gold Project north of Kalgoorlie and recently for the LionOre – Emily nickel treatment plant being developed west of Norseman. Other contracts include AurionGold's Kanowna Belle underground mining operation and other underground and open pit operations.

Peter Reynold Ironside (Non-Executive Director)

Mr Ironside is a chartered accountant and business consultant with over 17 years experience in the exploration and mining industry. He is a director and/or company secretary of ReLODE Limited and AuDAX Resources Limited, both ASX listed companies. Mr Ironside is also a Director of BacTech Enviromet Corporation Limited, a Canadian listed company, and Ausvaal Limited, an Australian corporate services company. Mr Ironside brings a significant level of accounting, compliance and corporate governance experience to the Board, together with support in the areas of corporate initiatives and capital raisings. Mr Ironside played a significant role in the successful reconstruction of the Company and subsequent admission to Official Quotation on 1 November 2001.

Directors' Report

CORPORATE INFORMATION

Corporate Structure

Yilgarn Gold Limited is a limited liability company that is incorporated and domiciled in Australia. Yilgarn Gold Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Yilgarn Gold Limited	- parent entity
Great Southern Mines NL	- 100% owned controlled entity

Nature of Operations and Principal Activities

The principal activity of the Company and controlled entities during the financial period was exploration.

Employees

The consolidated entity employed 1 person as at 30 June 2002 (2001: 2 persons).

REVIEW AND RESULTS OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Group Overview

History Background

The Company was suspended from trading on the ASX on 7 July 2000. The Company went into voluntary administration on 12 July 2000, and on 26 December 2000 it entered into a Deed of Company Arrangement (DOCA).

On 7 May 2001, the Company entered into a Reconstruction Deed with the administrators of the Company and Ausvaal Projects Pty Ltd (a company associated with Mr P R Ironside, a Director). The principal terms of the reconstruction proposal were:

- the resignation of previous directors and appointment of new directors;
- the consolidation of the Company's shares;
- the issue of shares to the Composite Claim Creditors in part satisfaction of the amounts owed to them by the Company and the placement of shares to raise capital to satisfy the balance of the creditors claims;
- the payment of monies to the Administrators out of the proceeds of the placement shares;
- the retirement of the Administrator;
- the distribution of the benefit of the assets remaining after the satisfaction of creditors claims to the existing shareholders by way of a return of capital.

During 2001/2002 Year

On 24 July 2001, Shareholders approved the principal terms of the reconstruction proposal.

As part of the reconstruction, on 6 August 2001 the Administrator lodged a notice with ASIC confirming that it had executed a transfer deed to transfer all of the Company's assets, other than its Australian exploration assets, to a trustee company to be held on trust for the benefit of the creditors and members of the Company and that accordingly the DOCA had been terminated. Following this, the Administrator retired.

On 31 August 2001, the Company successfully raised \$741,525, net of costs, from a rights issue offered to Shareholders on the basis of 4 new shares for every 1 share held, at an issue price of 5 cents.

On 1 November 2001, the ASX lifted the suspension on the Company, and trading of the Company's shares recommenced. The Company is currently classified on the ASX as Other Metals (Mineral Explorer).

On 19 April 2002, Shareholders approved the change of the Company's status to a public company limited by shares and accordingly adopted a new constitution. Subsequent to year end, on 4 July 2002, the Company's name changed to 'General Gold Resources Limited' (previously General Gold Resources NL). A further name change to Yilgarn Gold Limited was made – refer to the 'Matters Subsequent to the End of the Financial Period' section in this report.

Directors' Report

During 2001/2002 Year - continued

On 26 April 2002, the Company successfully raised \$498,564, net of costs, from a rights issue offered to Shareholders on the basis of 1 new share and five attaching options for every 10 shares held, at an issue price of 7.5 cents per share and 1 cent per option.

The Company also acquired a new exploration prospect, referred to as the Great Southern prospect for consideration of \$40,000 cash and 450,000 fully paid shares in the Company at an issue price of 9.5 cents.

CONSOLIDATED RESULTS

The consolidated net loss of the consolidated entity for financial period after tax was \$384,615 (2001: \$1,930,883).

DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year and up to the date of this report. The Directors do not recommend that any additional amount be paid by way of dividend.

EARNINGS PER SHARE

Basic Earnings / (Loss) Per Share (0.96) cents

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

- On 4 July 2002, the Company's name changed to 'General Gold Resources Limited' (previously General Gold Resources NL);
- On 4 July 2002, the Company acquired from AngloGold Australia (Brocks Creek) Pty Ltd their 81.77% in the New Bulong Joint Venture for a cash consideration of \$150,000. Yilgarn Gold now has a 100% interest in the New Bulong project. The New Bulong project comprises of approximately 74km² of the highly prospective Archaean Norseman-Wiluna greenstone belt and is situated 30km east of Kalgoorlie. This is a strategic acquisition in line with the Company's focus of seeking high grade underground narrow vein opportunities;
- On 24 July 2002, Shareholders approved the following:
 - the acquisition of 100% of Resource Assets Pty Ltd ("Resource"), a company associated with Mr Lex Brailey, in consideration of 4,500,000 Shares and 1,250,000 Options in the Company. Resource is a Kalgoorlie based company which specialises in researching and identifying high grade gold underground narrow vein opportunities in the Eastern Goldfields of Western Australia. A significant database has been compiled by Resource and it has acquired the historic Goodenough gold mine in the Menzies region of the Eastern Yilgarn. This property presents immediate highly prospective drill targets;
 - to change the Company name to Yilgarn Gold Limited (approved by ASIC on 7 August 2002);
 - ratification of past allotment and issues of shares; and
 - approval of issue of future securities of up to 10,000,000 shares and 5,000,000 options;
- On 26 July 2002, settlement of the acquisition of 97.06% of Resource Assets Pty Ltd was made. Consideration consisted of 2,500,000 Yilgarn Gold Shares at an issue price of 7 cents each (\$175,000) and 1,250,000 Options at an issue price of 3.5 cents each (\$43,750). Lex Brailey, who is also a director and shareholder of Resource Assets Pty Ltd ("Resource"), was issued 504,032 Shares and 252,016 Options as consideration for the acquisition by the Company of his Resource shareholding. Andy George, who is also a director and shareholder of Resource, was issued 756,049 Shares and 378,024 Options as consideration for the acquisition by the Company of his Resource shareholding. Reg Eccles, who was a shareholder of Resource, was issued 504,032 Shares and 252,016 Options as consideration for the acquisition by the Company of his Resource shareholding.

Further to the above and pursuant to a put and call option deed dated 26 July 2002, Lex Brailey, Andy George and Reg Eccles will receive a further 2,000,000 Shares to obtain the final 2.94% of Resource Assets Pty Ltd to be distributed equally between them in two tranches on the following terms:

- 1,000,000 Shares to be issued if the trading price of the Company's Shares is equal to or greater than 18 cents in the 10 Business Days prior to the delivery of a put notice which is to be received no later than 29 January 2003; and
- 1,000,000 Shares to be issued if the trading price of the Company's Shares is equal to or greater than 25 cents in the 10 Business Days prior to the delivery of a put notice which is to be received no later than 28 July 2003.

Directors' Report

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD - continued

The acquisition agreement also required Yilgarn Gold to repay loan monies made to Resource by Rapallo Pty Ltd ("Rapallo"), a shareholder of Resource and a company related to Andy George, within 7 days of completion of the agreement. On 2 August 2002, Yilgarn Gold repaid \$188,944 to Rapallo on behalf of Resource. On 13 August 2002 \$75,000 was paid as the final instalment in respect to the acquisition by Resource to acquire the Goodenough asset; and

- The Company issued a prospectus on 18 September 2002 and a supplementary prospectus on 25 September 2002 to invite investors to apply for up to 16,605,499 shares at an issue price of 7 cents per share, together with up to 8,304,749 free attaching options on the basis of one option for every two shares allotted and issued. The purpose of the issue is to raise funds for working capital, exploration and drilling. At the date of this report, investors had begun submitting application forms together with cash to the Company.

Other than above, there are no matters or circumstances that have arisen since 30 June 2002 that have or may significantly affect the operations, results, or state of affairs of the economic entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company intends to continue its current exploration programmes as outlined in the Chairman's Statement.

MEETINGS OF THE COMPANY'S DIRECTORS

The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the year ended 30 June 2002, and the number of meetings attended by each Director were:

	Number Attended	Maximum Possible
Lex HJ Brailey	5	5
Peter R Ironside	10	10
Richard Monti	5	5
Christopher J Barker	1	5
Michael Van Rens	3	3
Barry J Casson	-	-
Christopher J Wiggins	-	-

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. Remuneration is designed to be competitive and comparable to other industry comparisons. Details of the nature and amount of each element of the emoluments are:

Directors (non executive)	Fees \$	Superannuation \$	Consulting \$	Options (note) \$	Total \$
L HJ Brailey	16,000	-	22,800	9,500	48,300
P Ironside	20,753	1,763	82,901	9,500	114,917
R Monti	11,871	1,032	5,400	9,500	27,803
C Barker	9,677	-	-	-	9,677
M van Rens	8,000	-	-	-	8,000
B J Casson	-	-	-	-	-
C J Wiggins	-	-	-	-	-

Note: Each of these directors were granted 500,000 listed options which expire on 31 May 2005 and have an exercise price of \$0.10. Based on the Black-Scholes option pricing model, each option is valued at \$0.019. Assumptions made to determine the value were a share price of 8.8 cents, a volatility value of 0.3 and an interest rate of 5% pa. Shareholders approved the granting of these options on 19 April 2002.

The Company had no executive directors or officers during the year. Mr Lex Brailey became an executive director in July 2002.

Directors' Report

DIRECTORS' SHAREHOLDING INTERESTS

The interest of each Director in the share capital of the Company at the date of this Report is as follows:

Director	Fully Paid Ordinary Shares		Listed Options (note ii)		Unlisted Options (note iii)
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	Indirect Interest
R G Eccles	539,032	-	252,016	-	-
L HJ Brailey	504,032	-	752,016	-	-
K A George	-	756,049	-	378,024	-
P R Ironside	-	950,000	-	500,000	500,000

(i) Mr Ironside's spouse holds a 50% interest in an entity which holds 2,640,000 shares, 1,700,000 listed options and 1,000,000 unlisted options. These are not included above.

(ii) Listed options expire on 31 May 2005 and have an exercise price of \$0.10.

(iii) Details of the unlisted options held by Directors are:

Expiry Date	Exercise Price	Number of Options
19 November 2002	\$0.10	166,667
19 October 2004	\$0.15	166,666
19 October 2005	\$0.20	166,667

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Issue Price of Shares	Expiry Date
Listed Options	26,877,764	\$0.10	31/05/2005
Unlisted Options	666,667	\$0.10	19/11/2002
Unlisted Options	666,666	\$0.15	19/10/2004
Unlisted Options	666,667	\$0.20	19/10/2005

The above options are exercisable at any time on or before the expiry date. No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. There were 25,636,784 listed options and 2,000,000 unlisted options granted, 9,020 listed options exercised at an exercise price of 10 cents each, and 11,750 employee options and 1,501,116 listed options expired during the year ended 30 June 2002. Subsequent to year end, there was 1,250,000 options granted (refer to the subsequent events note).

ENVIRONMENTAL REGULATIONS

The Group's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2002, or subsequent to year end.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Yilgarn Gold Limited adhere to strict principles of corporate governance. The Company's Corporate Governance Statement is as follows:

The Board of Directors of Yilgarn Gold Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Yilgarn Gold Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Directors' Report

CORPORATE GOVERNANCE - continued

The Board also review the nomination and performance of the auditor. The external auditors were appointed on 14 October 1988, and the audit partner is rotated every 7 years. The next rotation of audit partner is due during the 30 June 2008 year.

The composition of the Board is determined in accordance with the following principles and guidelines:

- The chairperson should be an independent non-executive director.
- The Board should comprise directors with an appropriate range of qualifications and experience.
- The Board currently intends to hold meetings each year, plus strategy meetings and any extraordinary meetings at such times as may be necessary to address any specific significant matters that may arise.

There are currently no Nomination, Remuneration or Audit Committees as all issues relating to corporate governance are dealt with by the Board of Directors due to the size of the Company and ensuring arrangements are in place to adequately manage those risks.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all shareholder information through the annual report which is distributed to all shareholders, the half yearly report which is released to the ASX and the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium is subject to a confidentiality clause under the contract of insurance. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Board.



Lex HJ Brailey
Director

Perth Western Australia
27 September 2002

Statements of Financial Performance for the Year Ended 30 June 2002

	Note	Consolidated		Parent Entity	
		Year Ended 30 June 2002	Year Ended 30 June 2001	Year Ended 30 June 2002	Year Ended 30 June 2001
		\$	\$	\$	\$
Revenue from ordinary activities	2	36,902	696,818	10,484,379	647,727
Depreciation and amortisation expense	3	(5,250)	(21,293)	(5,250)	(21,293)
Borrowing costs overaccrued	3	-	4,421	-	4,421
Salaries and employees benefits expense		(47,605)	(377,787)	(47,605)	(377,787)
Consultants and directors fees		(156,770)	(109,817)	(156,770)	(109,817)
Legal costs		(38,050)	(86,403)	(38,050)	(86,403)
Travel costs		(32,939)	-	(32,939)	-
Accounting, audit and tax fees (prior year overaccrued)		(42,399)	8,905	(42,399)	8,905
ASIC / ASX fees		(25,154)	(12,503)	(25,154)	(12,503)
Rental of office premises		(17,749)	(58,440)	(17,749)	(58,440)
Share registry fees		(13,483)	-	(13,483)	-
Administrators fees		-	(445,155)	-	(445,155)
Diminution in value of investments		-	-	(493,967)	-
Diminution in value of loans		-	-	-	(304,208)
Writedown of assets to recoverable amount		-	(304,170)	-	-
Other costs		(42,118)	(221,298)	(42,084)	(221,298)
Composite claim creditor costs		-	(1,004,161)	-	(1,004,161)
Profit / (loss) from ordinary activities before income tax expense		(384,615)	(1,930,883)	9,568,929	(1,980,012)
Income tax expense	4	-	-	-	-
Net Profit / (loss) attributable to members of Yilgarn Gold Limited	14	(384,615)	(1,930,883)	9,568,929	(1,980,012)
Earnings per share – basic	15	(0.96) cents	(0.96) cents		

Statements of Financial Position

as at 30 June 2002

	Note	Consolidated		Parent Entity	
		30 June 2002	30 June 2001	30 June 2002	30 June 2001
		\$	\$	\$	\$
Current Assets					
Cash assets	5	807,354	73,964	807,354	73,964
Receivables	6	27,506	2,000	27,506	2,000
Other	7	11,538	-	11,538	-
Total Current Assets		846,398	75,964	846,398	75,964
Non-Current Assets					
Receivables	6	-	-	-	-
Other financial assets	8	54	320	42,453	536,419
Plant and equipment	9	15,862	33,426	15,862	33,426
Exploration costs	10	566,374	417,000	523,975	417,000
Other	7	48,478	-	48,478	-
Total Non-Current Assets		630,768	450,746	630,768	986,845
Total Assets		1,477,166	526,710	1,477,166	1,062,809
Current Liabilities					
Payables	11	126,370	919,856	126,370	919,856
Provisions	12	614	65,822	614	65,822
Total Current Liabilities		126,984	985,678	126,984	985,678
Non-Current Liabilities					
Payables	11	-	-	-	10,489,643
Total Non-Current Liabilities		-	-	-	10,489,643
Total Liabilities		126,984	985,678	126,984	11,475,321
Net Assets / (Liabilities)		1,350,182	(458,968)	1,350,182	(10,412,512)
Equity					
Contributed equity	13	2,110,830	48,137,791	2,110,830	48,137,791
Reserves	14	241,368	-	241,368	-
Accumulated losses	14	(1,002,016)	(48,596,759)	(1,002,016)	(58,550,303)
Total Equity		1,350,182	(458,968)	1,350,182	(10,412,512)

Statements of Cash Flows for the Year Ended 30 June 2002

	Note	Consolidated		Parent Entity	
		Year Ended 30 June 2002 \$	Year Ended 30 June 2001 \$	Year Ended 30 June 2002 \$	Year Ended 30 June 2001 \$
Cash flows from operating activities					
Payments to suppliers and employees, inclusive of goods and services tax		(452,472)	(1,855,225)	(452,490)	(1,551,016)
Payments to composite creditors		(550,000)	-	(550,000)	-
Interest received		23,405	46,271	23,405	46,271
Other income received		14,535	10,000	2,000	-
Net cash flows used in operating activities	25	(964,532)	(1,798,954)	(977,085)	(1,504,745)
Cash flows from investing activities					
Payments for plant and equipment		(10,780)	-	(10,780)	-
Proceeds from sale of plant and equipment		936	9,456	936	9,456
Payment for exploration prospects		(46,965)	-	(46,965)	-
Reimbursement / (payments) for exploration		(93,882)	594	(51,483)	-
Reduction in cash due to loss of control of entities	26	-	(489,966)	-	-
Proceeds from sale of exploration interests		-	631,091	-	592,000
Proceeds from sale of investments		240	-	-	-
Loans from controlled entity		-	-	12,794	49,684
Loans repaid to controlled entity		-	-	(42,400)	-
Loans to entities previously controlled		(1,343)	-	(1,343)	(304,208)
Other – payments for costs deferred relating to acquisition after year end		(31,299)	-	(31,299)	-
Net cash flows provided by / (used in) investing activities		(183,093)	151,175	(170,540)	346,932
Cash flows from financing activities					
Proceeds from issues of securities, net of expenses		1,901,015	-	1,901,015	-
Borrowings		20,000	20,000	20,000	20,000
Repayment of borrowings		(40,000)	-	(40,000)	-
Net cash flows provided by financing activities		1,881,015	20,000	1,881,015	20,000
Net increase / (decrease) in cash held		733,390	(1,627,779)	733,390	(1,137,813)
Cash at the beginning of the financial year		73,964	1,701,743	73,964	1,211,777
Cash at end of the financial year	5	807,354	73,964	807,354	73,964

Notes to the Financial Statements for the Year Ended 30 June 2002

1. Summary of Significant Accounting Policies

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, which includes applicable Australian Accounting Standards and other authoritative pronouncements of the Accounting Standards Board. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical costs convention. The accounting policies adopted have been consistently applied and are consistent with those of the previous year. The following is a summary of the significant accounting policies adopted by the consolidated entity in the preparation of the financial report.

Going concern

The financial report has been prepared on a going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business.

The consolidated entity experienced losses from ordinary activities after income tax for 2002 and 2001 of \$384,615 and \$1,930,883 respectively. In addition, the consolidated entity experienced net cash outflows from operating activities of \$964,532 and \$1,798,954 for 2002 and 2001 respectively.

Notwithstanding the above, the Directors believe it appropriate to prepare the financial report on the going concern basis due to the following:

- Pursuant to a prospectus issued on 18 September 2002 and a supplementary prospectus lodged on 25 September 2002, the Company has received applications with cash to acquire shares in the Company (refer to Note 27);
- The Directors are confident that sufficient additional funds will be raised pursuant to the prospectus to further pursue the objectives of the Company;
- The Chairman, Mr Reg Eccles, has advised that he would be prepared to subscribe for sufficient shares in the Company so as to ensure that the minimum subscription of \$300,000 is achieved. This would require shareholder approval; and
- In the event that the number of Securities subscribed for does not reach one of the thresholds listed in the prospectus and supplementary prospectus, the Company will initially scale back the use of funds for drilling of high grade narrow vein gold targets. It will then scale back the use of funds for exploration costs, and finally the use of funds for working capital.

The funds raised from the above will be used to provide working capital and to continue the consolidated entity's exploration activities.

The Directors have accordingly prepared the financial report on the going concern basis.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Yilgarn Gold Limited ("Company" or "Parent Entity") as at 30 June 2002 and the results of all controlled entities for the year then ended. All inter entity balances and unrealised profits, resulting from inter entity transactions, have been eliminated in full.

Where control of an entity is obtained during a financial year its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

(b) Revenue recognition

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Notes to the Financial Statements for the Year Ended 30 June 2002

1. Summary of Significant Accounting Policies - continued

(c) Income tax

The Company follows the principles of tax effect accounting whereby income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. Income tax or net cumulative differences is set aside to the deferred income tax and future income tax benefit accounts at rates which are expected to apply when these timing differences reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as virtually certain of realisation.

(d) Cash

For purposes of the statements of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(e) Receivables

Receivables are recognised and carried at the nominal amount due less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(f) Investments

The Company's investments in corporations are valued at the lower of cost and net realisable value. Dividend income is recognised in the statement of financial performance as it is received.

(g) Joint ventures

Joint venture operations have been incorporated in the financial statements by including the consolidated entity's proportion of joint venture costs, assets and liabilities under the appropriate headings. Details of major interests in joint venture operations are set out in note 21.

(h) Recoverable amount

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal. Non current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down. Expected cashflows are not discounted in determining recoverable amount.

(i) Exploration and evaluation expenditure

Exploration, evaluation, and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs, and an appropriate portion of related overhead expenditure. They do not include general overhead or administrative expenditure not having a specific nexus with a particular area of interest.

Revenue received from the sale or disposal of product, materials, or services during the exploration and evaluation phase of operations is offset against expenditure in respect of the area of interest or mineral resource concerned.

Costs of this nature are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active operations in, or relating to, the area are continuing.

Exploration and evaluation expenditure which does not satisfy these criteria is written off.

Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed, and sold under current and foreseeable economic conditions.

Notes to the Financial Statements for the Year Ended 30 June 2002

1. Summary of Significant Accounting Policies - continued

(j) Plant and equipment

The costs of each item of plant and equipment is written off over its expected economic life. Depreciation is calculated on a reducing balance basis, at rates of 20-40%.

(k) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as exploration and evaluation expenditure, development and pre-production expenditure, or mine properties based on the stage of development reached at the date of acquisition.

(l) Restoration, rehabilitation, and environmental costs

Restoration, rehabilitation, and environmental costs, necessitated by exploration activities, are expensed at the time of those activities and treated as exploration and evaluation expenditure. Costs necessitated by development and production activities are expensed on a gradual basis over the production life of the mining activity and treated as costs of production. Costs are estimated on the basis of undiscounted cost, current legal requirements, and current technology.

(m) Foreign currency translation

Foreign currency transactions are initially translated into Australian currency at transaction date rates of exchange. At balance date, amounts payable to and by the Company in foreign currencies are translated into Australian currency at balance date rates of exchange. Resulting exchange differences are brought to account in determining the profit and loss for the year.

(n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Loans are written off as forgiven when the lending party has notified the Company that the amounts due are no longer payable.

(o) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements

are charged against profits on a net basis in their respective categories.

(p) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Notes to the Financial Statements for the Year Ended 30 June 2002

1. Summary of Significant Accounting Policies (continued)

(q) Contributed equity

Issued capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Earnings per share

Basic earnings per share is determined by dividing the net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is determined by dividing net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
2. Revenue				
Revenues from outside operating activities				
Interest income				
NM Rothschild & Sons (Australia) Ltd	-	38,902	-	38,902
Non-related entities	23,405	7,369	23,405	7,369
Total interest income	23,405	46,271	23,405	46,271
Proceeds from the sale of exploration interests	-	631,091	-	592,000
Proceeds from the sale of plant and equipment	936	9,456	936	9,456
Gain on loan forgiven by controlled entity	-	-	10,460,038	-
Other income	12,561	10,000	-	-
Total revenues from outside operating activities	36,902	696,818	10,484,379	647,727
Total revenues from ordinary activities	36,902	696,818	10,484,379	647,727

3. Expenses and Losses / (Gains)

(a) Expenses

Borrowing costs

Interest expense

-	(4,421)	-	(4,421)
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Total borrowing costs expensed / (reversed)

-	(4,421)	-	(4,421)
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Depreciation of:

- plant and equipment

5,250	21,293	5,250	21,293
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Other expenses include:

Exploration expenditure written off

34,223	-	34,223	-
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Operating lease rentals – minimum lease payments

17,749	61,600	17,749	61,600
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Bad and doubtful debts provision

-	5,468	-	5,468
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Exchange loss on translations

-	244	-	244
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Net expense from movement in provision

614	65,822	614	65,822
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for employee entitlements

614	65,822	614	65,822
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Notes to the Financial Statements

for the Year Ended 30 June 2002

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
3. Expenses and Losses / (Gains) - continued				
(b) Losses / (Gains)				
Net gain on disposal of exploration tenements	-	(381,089)	-	(341,998)
Net loss on disposal of plant and equipment	1,101	13,022	1,011	13,022
Gain on disposal of assets to trust	(6,097)	-	(6,097)	-
Gain on loan forgiven by controlled entity	-	-	(10,460,038)	-

4. Income Tax

The income tax expense for the year differs from the prima facie tax as follows:

Profit / (loss) from ordinary activities	(384,615)	(1,930,883)	9,568,929	(1,980,012)
Prima facie income tax (benefit) @ 30% (2001:34%)	(115,384)	(656,500)	2,870,679	(673,204)
Tax effect of permanent differences				
Items not deductible (note i)	2,322	404,035	150,512	404,221
Capital profit – loan forgiven (note ii)	-	-	(3,138,012)	-
Future income tax benefit not previously brought to account	-	(5,171)	-	-
Timing differences not recognised	113,062	257,636	116,821	268,983
Total income tax expense	-	-	-	-

Note i) These permanent differences relate primarily to writedowns and provisions.

Note ii) This capital profit will not be subject to income tax if an agreement is made in writing between the Company and its wholly owned subsidiary under section 245-90 of schedule 2C to the Income Tax Assessment Act 1936. It is anticipated that this agreement will be made.

Estimate of future income tax benefit arising from tax losses not brought to account at balance date as realisation is not regarded as virtually certain at 30%

(2001: 30%)	78,591	910,082	-	910,082
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These benefits will only be obtained if:

- companies within the consolidated entity derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- companies within the consolidated entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect companies within the consolidated entity in realising the benefit from the deductions for the losses.

Notes to the Financial Statements for the Year Ended 30 June 2002

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
5. Cash Assets				
Cash at bank and on hand	807,354	73,964	807,354	73,964
6. Receivables				
Current				
Sundry debtors	27,506	7,468	27,506	7,468
Provision for doubtful debts	-	(5,468)	-	(5,468)
	27,506	2,000	27,506	2,000
Non-Current - unsecured				
Loan to Akjoujt Gold Unit Trust	-	-	-	1,107,606
Loan to General Gold International SA	-	-	-	31,409,839
Loan to Vallance Holdings Pty Ltd	-	-	-	387,806
	-	-	-	32,905,251
Less provisions for diminution in value	-	-	-	(32,905,251)
	-	-	-	-
7. Other Assets				
Current				
Prepayments	11,538	-	11,538	-
Non-Current				
Deferred costs of acquisition, completed in July 2002	48,478	-	48,478	-
8. Other Financial Assets				
Non-Current				
Investment in unlisted controlled entity - at cost	-	-	13,973,943	13,973,943
Shares in other corporations - Listed	131	3,065	-	-
	131	3,065	13,973,943	13,973,943
Less provisions for diminution in value	(77)	(2,745)	(13,931,490)	(13,437,524)
	54	320	42,453	536,419

The market value of listed investments at 30/6/02 was \$54 (2001: \$320). The carrying amount of investments has been written down to market value.

The controlled entity is Great Southern Mines NL, incorporated in Australia. The Company holds 100% (2001: 100%) of the issued shares in this controlled entity.

Notes to the Financial Statements

for the Year Ended 30 June 2002

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
9. Property, Plant and Equipment				
Plant and equipment - at cost	78,663	223,983	78,663	223,983
Accumulated depreciation	(62,801)	(190,557)	(62,801)	(190,557)
	<u>15,862</u>	<u>33,426</u>	<u>15,862</u>	<u>33,426</u>

Reconciliation of plant and equipment

Carrying amount at beginning of the year	33,426	327,194	33,426	327,194
Additions	10,780	-	10,780	-
Disposals	(23,094)	(272,475)	(23,094)	(272,475)
Depreciation expense	(5,250)	(21,293)	(5,250)	(21,293)
Carrying amount at end of the year	<u>15,862</u>	<u>33,426</u>	<u>15,862</u>	<u>33,426</u>

10. Deferred Exploration Costs

Expenditure bought forward	417,000	417,000	417,000	417,000
Expenditure incurred during the year	93,882	-	51,483	-
Acquisition of new prospects	89,715	-	89,715	-
Written off during the year	(34,223)	-	(34,223)	-
	<u>566,374</u>	<u>417,000</u>	<u>523,975</u>	<u>417,000</u>

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

11. Payables

Current

Trade creditors and accruals	126,370	119,856	126,370	119,856
Composite claim creditors	-	800,000	-	800,000
	<u>126,370</u>	<u>919,856</u>	<u>126,370</u>	<u>919,856</u>

Non-Current

Unsecured

Loan from controlled entity – non interest bearing (refer note 25(b))	-	-	-	10,489,643
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,489,643</u>

12. Provisions

Current

Employee entitlements	614	65,822	614	65,822
	<u>614</u>	<u>65,822</u>	<u>614</u>	<u>65,822</u>

Notes to the Financial Statements for the Year Ended 30 June 2002

	30 June 2002	30 June 2001
	\$	\$
13. Contributed Equity		
(a) Issued Capital		
53,554,987 ordinary shares fully paid (2001: 202,161,179)	2,110,830	48,137,791

(b) Movements in shares on issue

Date	Details	Number of Shares	Issue Price	\$
1-Jul-2001	Opening balance at the beginning of the year	202,161,179		48,137,791
10-Aug-2001	Reduction of contributed equity by cancelling capital which has been lost or is no longer represented by available assets, as approved by shareholders on 24 July 2001 (resolution 4 of that general meeting)	(197,107,493)		(47,979,358)
13-Aug-2001	Issue to promoters of the Reconstruction Proposal approved by Shareholders on 24 July 2001	6,000,000	1¢	60,000
13-Aug-2001	Issue to composite claim creditors as part of the Reconstruction Proposal approved by Shareholders on 24 July 2001	5,000,000	5¢	250,000
13-Aug-2001	Placement as part of the Reconstruction Proposal approved by Shareholders on 24 July 2001	12,000,000	5¢	600,000
3-Oct-2001	Entitlements issue of 4 new shares for each 1 share held	20,214,744	5¢	1,010,737
	Costs of above issue and prospectus			(269,211)
17-May-2002	Entitlements issue of 1 share for every 10 held	4,827,537	7.5¢	362,065
	Costs of above issue and prospectus			(104,847)
31-May-2002	Non-cash issue as part consideration for the acquisition of the Great Southern tenements	450,000	9.5¢	42,750
June-2002	Issue of shares upon conversion of options	9,020	10¢	903
	Balance at the end of the year	53,554,987		2,110,830

There were no movements in issued shares during the comparative year.

(c) Movements subsequent to year end

26-Jul-2002	Non-cash issue as part consideration for the acquisition of Resource Assets Pty Ltd (refer to note 27)	2,500,000	7¢	175,000
	Balance at 31 August 2002	56,054,987		2,285,830

Notes to the Financial Statements

for the Year Ended 30 June 2002

13. Contributed Equity - continued

(d) Options at 30 June 2002

	Number	Issue Price of Shares	Expiry Date
Unlisted Options	666,667	10 cents	On or before 19/11/2002
Unlisted Options	666,666	15 cents	On or before 19/10/2004
Unlisted Options	666,667	20 cents	On or before 19/10/2005
Listed Options	25,627,764	10 cents	On or before 31/05/2005

There were 25,636,784 listed options and 2,000,000 unlisted options granted during the year. 9,020 listed options were exercised at an issue price of 10 cents each during the year. Options expired during the year were 11,750 employee options and 1,501,116 listed options.

Subsequent to year end, a further 1,250,000 listed options were granted with an exercise price of 10 cents and an expiry date of 31 May 2005. This issue was made as part consideration for the acquisition of Resource Assets Pty Ltd (refer to note 27).

(e) Terms and conditions of contributed equity

Ordinary Shares:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$

14. Reserves and Accumulated Losses

Option Premium Reserve:

Opening balance at the beginning of the financial year	-	-	-	-
Granting of 24,136,784 options at 1 cent each as per Entitlements Issue in May 2002	241,368	-	241,368	-
Closing balance - Option Premium Reserve	241,368	-	241,368	-

Nature and purpose of the Option Reserve:

The option premium reserve is used to accumulate proceeds received from the issuing of options

Accumulated Losses:

Accumulated losses at the beginning of the year	(48,596,759)	(46,665,876)	(58,550,303)	(56,570,291)
Reduction of contributed equity by cancelling capital which has been lost or is no longer represented by available assets, as approved by shareholders on 24 July 2001 (resolution 4 of that general meeting)	47,979,358	-	47,979,358	-
Net profit / (loss) attributable to members of Yilgarn Gold Limited	(384,615)	(1,930,883)	9,568,929	(1,980,012)
Accumulated losses at the end of the year	(1,002,016)	(48,596,759)	(1,002,016)	(58,550,303)

Notes to the Financial Statements for the Year Ended 30 June 2002

Consolidated
30 June 2002 30 June 2001

15. Earnings per Share

	Cents	Cents
Basic earnings per share	(0.96)	(0.96)
	Number of shares	Number of shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	39,719,192	202,161,179

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

16. Contingent Liabilities

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Company. However, at the date of these accounts, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

Consolidated		Parent Entity	
30 June 2002	30 June 2001	30 June 2002	30 June 2001
\$	\$	\$	\$

17. Commitments

Operating leases (non-cancellable):
Minimum lease payments:
- not later than one year

	3,812	-	3,812	-
--	-------	---	-------	---

Tenement Commitments:

The Company and the consolidated entity are required to maintain current rights of tenure to tenements which requires outlays of expenditure in 2002/2003. Estimated expenditure on mining, exploration and prospecting leases for 2002/2003 by the Company is \$233,760 (2001: \$nil) and by the consolidated entity is \$233,760 (2001: \$nil). This includes commitments in relation to tenements acquired after year end on 4 July 2002. Other commitments relating to tenement lease rentals and the minimum expenditure requirements of the Western Australian Mines Departments attaching to tenements have been undertaken by non related joint venture participants. Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended.

Notes to the Financial Statements

for the Year Ended 30 June 2002

Consolidated		Parent Entity	
30 June 2002	30 June 2001	30 June 2002	30 June 2001
\$	\$	\$	\$

18. Remuneration of Director and Executives

- (a) Income paid, or payable, or otherwise made available to Directors by entities in the consolidated entity in connection with the management of affairs of the parent entity or its controlled entities

208,698	138,579	208,698	138,579
---------	---------	---------	---------

Remuneration of Directors includes listed options which expire on 31 May 2005 and have an exercise price of \$0.10. Based on the Black-Scholes option pricing model, each option was valued at \$0.019. Assumptions made to determine the value were a share price of 8.8 cents, a volatility value of 0.3 and an interest rate of 5% pa. Shareholders approved the granting of these options on 19 April 2002.

- (b) The numbers of directors of Yilgarn Gold Limited whose incomes from the parent entity or a related entity falls within the specified bands are as follows:

\$	Number	Number
nil - 9,999	4	2
10,000 - 19,999	-	-
20,000 - 29,999	1	1
40,000 - 49,999	1	-
100,000 - 109,999	-	1
110,000 - 119,999	1	-

Consolidated		Parent Entity	
30 June 2002	30 June 2001	30 June 2002	30 June 2001
\$	\$	\$	\$

(c) Executives' Remuneration

The income received from the parent entity and related entities by those Executive Officers (including Executive Directors shown above) whose income was at least \$100,000 is:

-	247,683	-	247,683
---	---------	---	---------

The number of Executive Officers (including Executive Directors) whose income from entities in the consolidated entity and related entities falls within the specified bands are as follows:

\$	Number	Number	Number	Number
100,000 - 109,999	-	1	-	1
140,000 - 149,999	-	1	-	1

Notes to the Financial Statements for the Year Ended 30 June 2002

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
19. Auditors' Remuneration				
Amount received or due and receivable by the auditor for:				
(a) Auditing the financial statements (including audit review)				
PricewaterhouseCoopers – for current year audits	20,000	20,000	20,000	20,000
PricewaterhouseCoopers – under accrual for prior year audits	5,300	-	5,300	-
(b) Other services - taxation				
PricewaterhouseCoopers	15,222	-	15,222	-
Total remuneration of auditors	40,522	20,000	40,522	20,000
Remuneration of other auditors of controlled entities for the audit or review of financial reports	-	6,531	-	-

20. Related Party Transactions

Directors

The names of persons who were Directors of the parent entity at any time during the financial year were as follows:

Appointed:

Lex HJ Brailey	-	appointed 29 October 2001
Peter R Ironside	-	appointed 24 July 2001
Richard Monti	-	appointed 18 December 2001

Former:

Richard Monti	-	appointed 18 December 2001, resigned 12 August 2002
Christopher J Barker	-	resigned 18 December 2001
Michael van Rens	-	resigned 29 October 2001
Barry J Casson	-	resigned 24 July 2001
Christopher J Wiggins	-	resigned 24 July 2001

Equity Instruments of Directors

Interests at Balance Date:

Interests in the equity instruments of Yilgarn Gold Limited held by directors of the reporting entity and their director-related entities:

	Fully Paid Ordinary Shares		Listed Options Expire 31 May 2005 / Exercise Price is \$0.10		Unlisted Options
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	
30 June 2002					
Lex HJ Brailey	-	-	500,000	-	-
Peter R Ironside (i)	-	950,000	-	500,000	500,000
Richard Monti	-	-	-	500,000	-
30 June 2001					
B J Casson (ii)	300,000	587,500	60,000	117,500	300,000
C M Wiggins	500,000	-	100,000	-	-

Notes to the Financial Statements for the Year Ended 30 June 2002

20. Related Party Transactions - continued

Equity Instruments of Directors - continued

- (i) Mr Ironside's spouse held a 50% interest in an entity which holds 2,640,000 shares, 1,700,000 listed options and 1,000,000 unlisted options. These are not included above.
- (ii) This director held an interest in CMB Investments Pty Ltd, which held 19,650,000 (pre conversion of 40:1) shares at 30 June 2001. These shares were not included in the above totals.

Details of the unlisted options held by Directors at 30 June 2002 are:

Expiry Date	Exercise Price	Number of Options
19 November 2002	\$0.10	166,667
19 October 2004	\$0.15	166,666
19 October 2005	\$0.20	166,667

Movements in Directors' equity holdings:

Lex Brailey:

- i. 500,000 direct interest in listed options were issued on 20 May 2002. This issue was approved by Shareholders on 19 April 2002, and has been included as remuneration of this director during the year.

Peter Ironside:

- i. 1,000,000 indirect interest in shares were issued on 13 August 2001 to Ausvaal Limited (Ausvaal), a company associated with Mr Ironside in consideration for Ausvaal providing services in implementing the reconstruction proposal of the Company. This issue was approved by Shareholders on 24 July 2001.
- ii. 500,000 indirect interest in unlisted options were issued on 19 October 2001 to Ausvaal, in consideration for Ausvaal providing interim funding to the Company. This issue was approved by Shareholders on 24 July 2001.
- iii. 100,000 indirect interest in shares and 500,000 indirect interest in listed options were acquired on 17 May 2002 in accordance with the non-renounceable rights issue offered to all Shareholders on 22 March 2002.
- iv. 500,000 listed options were granted on 20 May 2002. This issue was approved by Shareholders on 19 April 2002, and has been included as remuneration of this director during the year. Mr Ironside, however, elected an entity related to his spouse to receive these options.
- v. 150,000 shares were disposed of during the year.

Richard Monti:

- i. 500,000 indirect interest in listed options were issued on 20 May 2002. This issue was approved by Shareholders on 19 April 2002, and has been included as remuneration of this director during the year.

There were no acquisitions or disposals of equity instruments by Directors in the previous year.

Transactions with Director and Director Related Entities

Mr Brailey is a director of Resource Assets Pty Ltd. During the year consulting fees for corporate and geological services of \$8,100 was paid/payable to this entity at normal commercial rates. These amounts are included in directors' remuneration (note 18).

Mr Ironside is a director of Ausvaal Limited (Ausvaal) and Ausvaal Projects Pty Ltd (APPL). During the year:

- consulting fees for corporate services of \$82,901 was paid/payable to Ausvaal at normal commercial rates. These amounts are included in directors' remuneration (note 18);
- office rental and telephone charges of \$14,137 were paid/payable by Yilgarn Gold Limited to Ausvaal. These charges have not been included in directors' remuneration; and
- funds of \$20,000 were loaned to Yilgarn Gold Limited by APPL (2001: \$20,000 was loaned, but Mr Ironside was not a Director of Yilgarn Gold Limited at the time of this loan). The loan balance of \$40,000 was repaid to APPL during the year.

Mr Monti is a director of Monti Minerals Pty Ltd. During the year consulting fees for geological services of \$5,400 was paid/payable to this entity at normal commercial rates. These amounts are included in directors' remuneration (note 18).

Notes to the Financial Statements for the Year Ended 30 June 2002

20. Related Party Transactions - continued

Transactions with Director and Director Related Entities – Prior Year

Mr C G Harding is a shareholder and director of Cliff Harding and Associates Pty Limited. During the 2001 year \$104,234 was paid/payable to this company in accordance with the terms and conditions of the contract to provide management services at normal commercial rates. These amounts were included in directors' remuneration.

Mr B J Casson is a shareholder and director of Fylbin Pty Limited. During the 2001 year \$25,682 was paid/payable to this company in accordance with the terms and conditions of the contract to provide management services at normal commercial rates. These amounts were included in directors' remuneration.

Dr J Chappell is a shareholder and director of Nalmor Pty Ltd. During the 2001 year \$8,662 was paid/payable to this company in accordance with the terms and conditions of the contract to provide management and geological services at normal commercial rates. These amounts were included in directors' remuneration.

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
Aggregate amounts of transactions with Directors and Director-related entities:				
Consulting fees	96,401	138,578	96,401	138,578
Office rental and telephone reimbursed	14,137	-	14,137	-
Loans to Yilgarn Gold Limited	20,000	-	20,000	-
Loans repaid by Yilgarn Gold Limited	40,000	-	40,000	-

Other Related Party Transactions During the Year

During the year, the Company received loans from its wholly owned subsidiary, and made repayments to this subsidiary. At 30 June 2002, the Company's wholly owned controlled entity, Great Southern Mines NL, forgave the balance of loans due by the Company, a cumulative total of \$10,460,038.

Interest received/receivable for the year by the parent entity on its bank accounts with Rothschild was nil (2001: \$38,902).

21. Joint Ventures

The consolidated entity had the following interests in joint venture operations:

Joint Venture	Principal Activities	Percentage Interest	
		30 June 2002	30 June 2001
Bulong Joint Venture	Mineral exploration	18.23%	18.59%
Mt Mulgine Joint Venture	Mineral exploration	49%	100%
Browns Lagoon Joint Venture	Mineral exploration	100%	100%
Foley Well Joint Venture	Mineral exploration	100%	100%

The joint ventures are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint ventures are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint venture assets. The joint ventures do not hold any assets and accordingly the company's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in note 1 (g).

22. Financial Reporting by Segments

The consolidated entity operates principally in one business segment (for primary reporting) being mineral exploration, and one geographical segment (for secondary reporting) being Australia.

Notes to the Financial Statements

for the Year Ended 30 June 2002

23. Financial Instruments

Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is the carrying amount net of any provisions.

Interest risk exposures

The consolidated entity's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings at 30 June 2002 was 4.35% (2001: 3.01%). All other financial assets and liabilities are non interest bearing. The net fair value of the consolidated entity's financial assets and liabilities approximates their carrying value.

24. Employee Entitlements

Current

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$
Accrued salaries, PAYG and superannuation	2,696	10,048	2,696	10,048
Provision for employee entitlements	614	65,822	614	65,822
	<u>3,310</u>	<u>75,870</u>	<u>3,310</u>	<u>75,870</u>

	Number	Number	Number	Number
Number of employees				
Number of employees at year end	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

	Consolidated		Parent Entity	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
	\$	\$	\$	\$

25. Statement of Cash Flows

(a) Reconciliation of the net loss after income tax to net cash flows used in operating activities

Profit / (loss) after income tax	(384,615)	(1,930,883)	9,568,929	(1,980,012)
Add back non-cash items:				
Depreciation and amortisation	5,250	21,293	5,250	21,293
Loss on sale of plant and equipment	1,101	13,022	1,101	13,022
(Profit) on sale of exploration	-	(381,089)	-	(341,998)
Exploration written off	34,223	-	34,223	-
Provision for investment and loan diminution	-	-	493,967	304,208
Provision for doubtful debts	-	5,468	-	5,468
(Profit) on sale of assets to trust	(6,097)	-	(6,097)	-
Gain on loan forgiven	-	-	(10,460,038)	-
Change in operating assets and liabilities:				
Decrease / (increase) in receivables	(27,948)	65,586	(27,948)	65,586
(Increase) in other assets	(28,691)	-	(28,716)	-
Increase / (decrease) in payables	(492,547)	444,348	(492,548)	443,793
(Decrease) in provisions	(65,208)	(36,699)	(65,208)	(36,105)
Net cash flows used in operating activities	<u>(964,532)</u>	<u>(1,798,954)</u>	<u>(977,085)</u>	<u>(1,504,745)</u>

Notes to the Financial Statements for the Year Ended 30 June 2002

25. Statement of Cash Flows - continued

(b) Non-Cash Financing and Investing Activities

During the year, the Company undertook several non-cash financing and investing activities. Details are disclosed in note 13(b). Also during the year, the Company's wholly owned controlled entity forgave loans to the Company totaling \$10,460,038.

During the previous year, 2001, the Company sold its interest in Mt Monger for consideration of cash of \$592,000 and 1,000,000 shares in Solomon Resources Limited.

26. Restructuring and Disposal of Assets

During the 2001 financial year, the Company entered into a Reconstruction Deed with the Administrator of the Company and Ausvaal Projects Pty Ltd (a company associated with Mr P R Ironside, a director of the Company) under which the parties agreed to implement a reconstruction proposal with a view to maximising the Company's chances of continuing its corporate existence and providing a better return to creditors and shareholders than would otherwise result from an immediate liquidation of the Company. The principal terms of the reconstruction proposal were:

- i) the resignation of previous directors and appointment of new directors;
- ii) the consolidation of the Company's shares;
- iii) the issue of shares to the Composite Claim Creditors in part satisfaction of the amounts owed to them by the Company and the placement of shares to raise capital to satisfy the balance of the creditors claims;
- iv) the payment of monies to the Administrators out of the proceeds of the placement shares;
- v) the retirement of the Administrator; and
- vi) the distribution of the benefit of the assets remaining after the satisfaction of creditors claims to the existing shareholders by way of a return of capital.

Part vi) above included the transfer of all interests in subsidiaries which were held at 24 July 2001, except for Great Southern Mines NL. The Company had already lost control of these entities during the 2001 financial year. The shares in these entities were transferred into trust for the benefit of the shareholders of the Company at the time of Administration. No consideration was received for this disposal. The Company recorded no loss on disposal as the assets had been written down to nil. The subsidiaries disposed of were:

- General Gold Mauritania Pty Ltd
- Akjoujt Gold Unit Trust and its controlled entity
- General Gold International SA
- Vallance Holdings Pty Ltd
- Shelley Pty Ltd
- Mount Monger Gold Project Pty Ltd
- General Gold Operations Pty Ltd

Shareholder approval for the Reconstruction Deed was obtained on 24 July 2001 and the Company was released from the control of the Administrators on 6 August 2001.

As part of this reconstruction, a Prospectus was issued for a non-renounceable issue of approximately 20,214,744 ordinary shares at an issue price of \$0.05 to eligible shareholders of the Company, registered as at 10 August 2001, on the basis of 4 New Shares for every 1 Share held as at that date. The rights issue closed on 31 August 2001 and successfully raised \$1.01 million, before costs.

Notes to the Financial Statements for the Year Ended 30 June 2002

27. Events Subsequent to Year End

- On 4 July 2002, the Company's name changed to 'General Gold Resources Limited' (previously General Gold Resources NL);
- On 4 July 2002, the Company acquired from AngloGold Australia (Brocks Creek) Pty Ltd their 81.77% in the New Bulong Joint Venture for a cash consideration of \$150,000. Yilgarn Gold now has a 100% interest in the New Bulong project. The New Bulong project comprises of approximately 74km² of the highly prospective Archaean Norseman-Wiluna greenstone belt and is situated 30km east of Kalgoorlie. This is a strategic acquisition in line with the Company's focus of seeking high grade underground narrow vein opportunities;
- On 24 July 2002, Shareholders approved the following:
 - the acquisition of 100% of Resource Assets Pty Ltd ("Resource"), a company associated with Mr Lex Brailey, in consideration of 4,500,000 shares and 1,250,000 options in the Company. Resource is a Kalgoorlie based company which specialises in researching and identifying high grade gold underground narrow vein opportunities in the Eastern Goldfields of Western Australia. A significant database has been compiled by Resource and it has acquired the historic Goodenough gold mine in the Menzies region of the Eastern Yilgarn. This property presents immediate highly prospective drill targets;
 - to change the Company name to Yilgarn Gold Limited (approved by ASIC on 7 August 2002);
 - ratification of past allotment and issues of shares; and
 - approval of issue of future securities of up to 10,000,000 shares and 5,000,000 options;
- On 26 July 2002, settlement of the acquisition of 97.06% of Resource Assets Pty Ltd was made. Consideration consisted of 2,500,000 Yilgarn Gold Shares at an issue price of 7 cents each (\$175,000) and 1,250,000 Options at an issue price of 3.5 cents each (\$43,750). Lex Brailey, who is also a director and shareholder of Resource Assets Pty Ltd ("Resource"), was issued 504,032 Shares and 252,016 Options as consideration for the acquisition by the Company of his Resource shareholding. Andy George, who is also a director and shareholder of Resource, was issued 756,049 Shares and 378,024 Options as consideration for the acquisition by the Company of his Resource shareholding. Reg Eccles, who was a shareholder of Resource, was issued 504,032 Shares and 252,016 Options as consideration for the acquisition by the Company of his Resource shareholding.

Further to the above and pursuant to a put and call option deed dated 26 July 2002, Lex Brailey, Andy George and Reg Eccles will receive a further 2,000,000 Shares to obtain the final 2.94% of Resource Assets Pty Ltd to be distributed equally between them in two tranches on the following terms:

- (i) 1,000,000 Shares to be issued if the trading price of the Company's Shares is equal to or greater than 18 cents in the 10 Business Days prior to the delivery of a put notice which is to be received no later than 29 January 2003; and
- (ii) 1,000,000 Shares to be issued if the trading price of the Company's Shares is equal to or greater than 25 cents in the 10 Business Days prior to the delivery of a put notice which is to be received no later than 28 July 2003.

The acquisition agreement also required Yilgarn Gold to repay loan monies made to Resource by Rapallo Pty Ltd ("Rapallo"), a shareholder of Resource and a company related to Andy George, within 7 days of completion of the agreement. On 2 August 2002, Yilgarn Gold repaid \$188,944 to Rapallo on behalf of Resource. On 13 August 2002 \$75,000 was paid as the final instalment in respect to the acquisition by Resource to acquire the Goodenough asset; and

- The Company issued a prospectus on 18 September 2002 and a supplementary prospectus on 25 September 2002 to invite investors to apply for up to 16,605,499 shares at an issue price of 7 cents per share, together with up to 8,304,749 free attaching options on the basis of one option for every two shares allotted and issued. The purpose of the issue is to raise funds for working capital, exploration and drilling. At the date of this report, investors had begun submitting application forms together with cash to the Company.

The financial effects of the above transactions have not been brought to account at 30 June 2002. Resource Assets Pty Ltd will be consolidated from 26 July 2002.

Other than above, there are no matters or circumstances that have arisen since 30 June 2002 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of Yilgarn Gold Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - b) complying with Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Lex HJ Brailey
Director

Perth Western Australia
27 September 2002

Independent Audit Report



Independent audit report to the members of Yilgarn Gold Limited

PricewaterhouseCoopers
ABN 52 780 433 757

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Audit Opinion

In our opinion, the financial report, set out on pages 14 to 34:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Yilgarn Gold Limited and the Yilgarn Gold Limited Group (defined below) as at 30 June 2002 and of their performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Yilgarn Gold Limited. It includes the financial statements for Yilgarn Gold Limited (the Company) and for Yilgarn Gold Limited (the Group), which incorporates Yilgarn Gold Limited and the entities it controlled during the year ended 30 June 2002.

The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

Independent Audit Report



The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 19 to the financial statements. In our opinion the provision of these services has not impaired our independence.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in blue ink.

PricewaterhouseCoopers

A handwritten signature of David J. Smith, written in blue ink.

David J Smith
Partner

Perth
27 September 2002

Additional Shareholder Information

The shareholder information set out below was applicable as at 30 August 2002.

1. Distribution of shareholders and optionholders

	Fully Paid Ordinary Shares	Options Listed
Number of holders	2,057	399
Holders of less than a marketable parcel	1,758	271
Number of holders in the following distribution categories:		
0 - 1,000	1,372	183
1,001 - 5,000	371	63
5,001 - 10,000	66	20
10,001-100,000	146	77
100,001 and over	102	56

2. Twenty Largest Shareholders

The names of the twenty largest shareholders are as follows:

	No. of Shares	Percentage of Issued Capital
1. Yimuyn Manjerr (Investments) Pty Ltd	5,000,000	8.92
2. Port Brassey Pty Ltd	2,640,000	4.71
3. Ms Kirsty MacLeod	2,010,000	3.59
4. Taminich Securities Pty Ltd (Associated Person a/c)	1,586,545	2.83
5. Mr Graeme John Clatworthy (G Clatworthy Family a/c)	1,260,000	2.25
6. Foley Pty Ltd (The Great Western a/c)	1,100,000	1.96
7. Galtrad Pty Ltd	1,100,000	1.96
8. Mr Mathias Schlotterbach & Mrs Maria Schlotterbach (Melbach Construction S/F a/c)	1,100,000	1.96
9. Troy (Qld) Pty Ltd (RCG Superannuation Fund a/c)	1,100,000	1.96
10. Nefco Nominees Pty Ltd	980,000	1.75
11. Ausvaal Limited	950,000	1.69
12. First NZ Securities Nominees Limited (Client Securities a/c)	950,000	1.69
13. Mr Norman Barrand Johnson (Superannuation Fund a/c)	880,000	1.57
14. Mr Jonathan William Fitzgerald Watters	853,500	1.52
15. Toltec Holdings Pty Ltd	839,714	1.50
16. Mr Mark Paterniti (M P Family a/c)	825,000	1.47
17. Berne No 132 Nominees Pty Ltd (Account No 323731)	761,932	1.36
18. Rapallo Pty Ltd (KA George Family Fund a/c)	756,049	1.35
19. Mr Brian Andrijich	730,495	1.30
20. Mrs Sharon Clatworthy	700,000	1.25
	<u>26,123,235</u>	<u>46.59</u>
Shares on Issue	<u>56,054,987</u>	

Additional Shareholder Information

3. Twenty Largest Optionholders (listed options)

The names of the twenty largest option holders are as follows:

	No. of Options	Percentage
1. Taminich Securities Pty Ltd (Associated Person a/c)	2,642,023	9.83
2. Port Brassey Pty Ltd	1,700,000	6.32
3. Ms Kirsty MacLeod	1,304,682	4.85
4. Talex Investments Pty Ltd	884,321	3.29
5. Mr Bernard Marie Francois Le Clezio (BMF Le Clezio Super Fund a/c)	859,364	3.20
6. Mr Lex Howard John Brailey	752,016	2.80
7. Mr Graeme John Clatworthy (G Clatworthy Family a/c)	700,000	2.60
8. MRC Services Pty Ltd (CJW Partnership Account)	609,364	2.27
9. Perpetual Custodians Limited	550,000	2.05
10. Aluca Pty Ltd (Newbrook Gold Unit Account)	548,300	2.04
11. Ausvaal Limited	500,000	1.86
12. Foley Pty Ltd (The Great Western a/c)	500,000	1.86
13. Galtrad Pty Ltd	500,000	1.86
14. Monti Minerals Pty Ltd	500,000	1.86
15. Mr Mathias Schlotterbach & Mrs Maria Schlotterbach (Melbach Construction S/F a/c)	500,000	1.86
16. Troy (Qld) Pty Ltd (RCG Superannuation Fund a/c)	500,000	1.86
17. Mr Peter John Duffy	400,000	1.49
18. Mr Norman Barrand Johnson (Superannuation Fund a/c)	400,000	1.49
19. Nefco Nominees Pty Ltd	400,000	1.49
20. Toltec Holdings Pty Ltd	381,690	1.42
	<u>15,131,760</u>	<u>56.30</u>
Listed Options on Issue	<u>26,877,764</u>	

4. Unlisted Options

The names of the unlisted option holders are as follows:

	No. of Options	Exercise Price	Expiry Date
Ausvaal Limited	166,667	10¢	19/11/02
Ausvaal Limited	166,666	15¢	19/10/04
Ausvaal Limited	166,667	20¢	19/10/05
Osiris Investments Pty Ltd	166,667	10¢	19/11/02
Osiris Investments Pty Ltd	166,667	15¢	19/10/04
Osiris Investments Pty Ltd	166,666	20¢	19/10/05
Port Brassey Pty Ltd	333,333	10¢	19/11/02
Port Brassey Pty Ltd	333,333	15¢	19/10/04
Port Brassey Pty Ltd	333,334	20¢	19/10/05

Additional Shareholder Information

5. Restricted Securities

The following securities are restricted until 1 August 2003:

- i) 504,032 ordinary shares issued to Lex Howard John Brailey;
- ii) 252,016 options exercisable at 10 cents each on or before 31 May 2005, issued to Lex Howard John Brailey.

6. Substantial Shareholders

There is one substantial shareholder in the Company as disclosed in the substantial shareholder notice given to the Company:

	No. of Shares	No. of Options
Yimuyun Manjerr (Investments) Pty Ltd	5,000,000	-

7. Voting Rights

Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Options

Options have no voting rights until such options are exercised as fully paid ordinary shares.

Tenement Schedule

Mt Mulgine Joint Venture

Yilgarn Gold Limited 49%, Gindalbie Gold NL 51% (Manager and earning up to 70%)

Tenement	Registered Holder	Shares
E59/428)	
E59/566)	
M59/386)	
M59/387) Yilgarn Gold Limited	49/100ths
M59/425*) Gindalbie Gold NL	51/100ths
M59/426*)	
M59/460*)	
M59/461*)	
P59/1078-P59/1088)	

New Bulong

Yilgarn Gold Limited 100% (transfers currently being processed pursuant to the agreement dated 4 July 2002)

Tenement	Registered Holder	Shares
M27/332*	Great Southern Mines NL	35/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	65/100ths
E25/218	Great Southern Mines NL	35/100ths
	AngloGold Australia Limited	65/100ths
P25/1125-1136	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
M25/193*	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
M25/181*	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
P25/1191	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
M25/192*	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
M25/83	Great Southern Mines NL	350/1000ths
	AngloGold Australia (Brocks Creek) Pty Ltd	650/1000ths
P27/1312	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
M27/326*	Great Southern Mines NL	20/100ths
	AngloGold Australia (Brocks Creek) Pty Ltd	20/100ths
	Cyprus Amax Australia Corp	60/100ths
E25/90	Yilgarn Gold Limited	1000/1000ths
M25/249*	Yilgarn Gold Limited	1000/1000ths
M25/215*	Yilgarn Gold Limited	1000/1000ths
M25/24	Yilgarn Gold Limited	1000/1000ths
M25/91	Yilgarn Gold Limited	1000/1000ths
M25/129	Yilgarn Gold Limited	1000/1000ths

* Application Pending

Tenement Schedule

Browns Lagoon Joint Venture

Yilgarn Gold Limited 100%, AurionGold Limited (Manager and earning up to 60%)

Tenement	Registered Holder	Shares
P24/3595-P24/3598	Great Southern Mines NL	100/100ths
M24/858*	Great Southern Mines NL	100/100ths

Foley Well Joint Venture

Yilgarn Gold Limited 100%, Gutnick Resources NL (Manager and earning up to 70%)

Tenement	Registered Holder	Shares
E31/252	Great Southern Mines NL	100/100ths
E31/405*	Great Southern Mines NL	100/100ths

Goodenough

Yilgarn Gold Limited 100% (transfers currently being processed pursuant to the agreement dated 21 May 2002)

Tenement	Registered Holder	Shares
M29/141	William Thomas McKenzie	100/100ths

Great Southern

Yilgarn Gold Limited 100%

Tenement	Registered Holder	Shares
M77/729	Yilgarn Gold Limited	100/100ths
M77/1014*	Yilgarn Gold Limited	100/100ths

Clinker Hill

Yilgarn Gold Limited 100%

Tenement	Registered Holder	Shares
M26/766*	Yilgarn Gold Limited	100/100ths

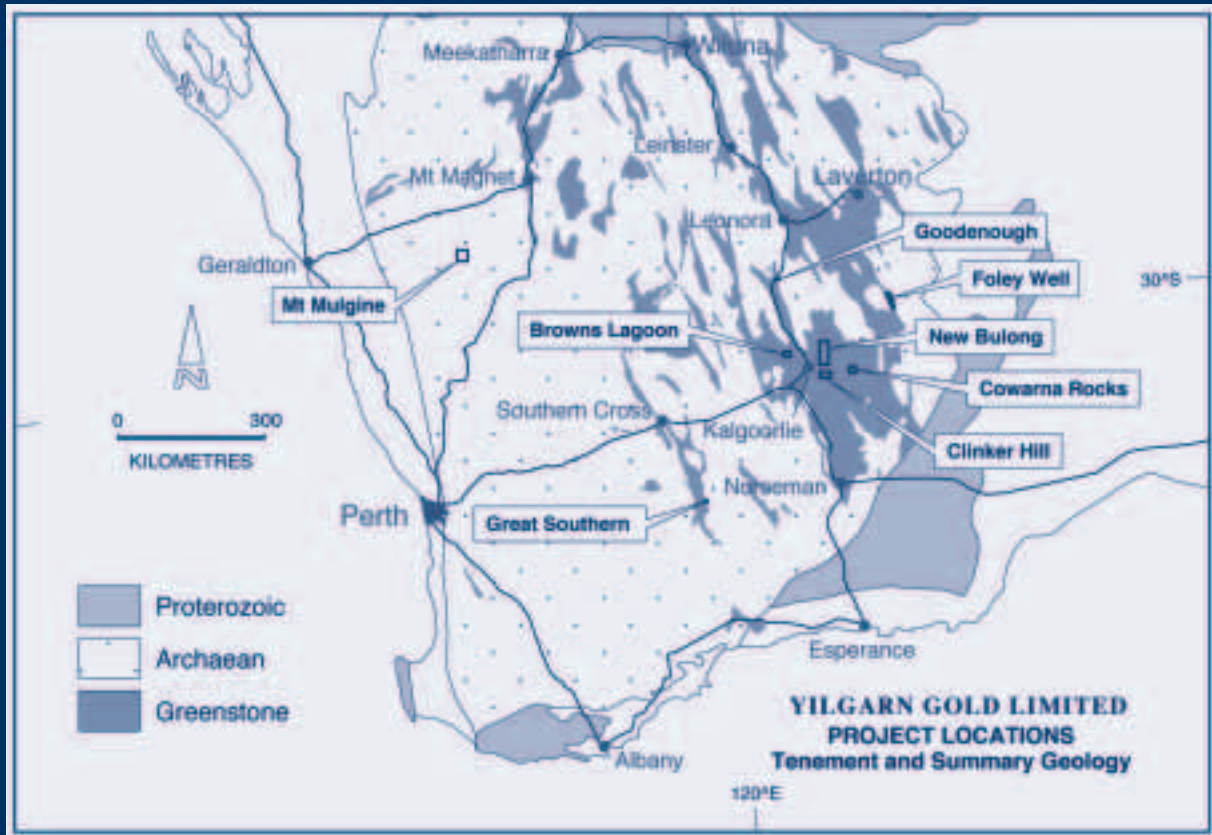
Cowarna Rocks

Yilgarn Gold Limited 100%

Tenement	Registered Holder	Shares
E28/1041*	Yilgarn Gold Limited	100/100ths

* Application Pending

Note: Great Southern Mines NL is a wholly owned subsidiary of Yilgarn Gold Limited.



Yilgarn Gold Limited

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