

Yilgarn Gold Limited

ACN 002 527 906
ABN 34 002 527 906

Half Yearly Report 31 December 2003

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YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors

Reg G Eccles
Lex H J Brailey
Lindsay A Colless

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
PERTH WA 6000

Company Secretary

Lindsay A Colless

Auditor

Rothsay
Level 1
2 Barrack Street
SYDNEY NSW 2000

Registered Office

129 Edward Street
Perth WA 6000

Telephone: (08) 9227 1186
Facsimile: (08) 9227 8178
E-mail: info@yilgarngold.com

Stock Exchange Listing

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

Solicitors

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

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Yilgarn Gold Limited ("Yilgarn Gold") and the entities it controlled at the end of, or during, the half-year ended 31 December 2003.

DIRECTORS

The names of the Directors of Yilgarn Gold in office during the half year and up to the date of this report are:

Current

Reg G Eccles - appointed 24 July 2002
Lex H J Brailey - appointed 30 October 2001
Lindsay A Colless - appointed 25 February 2003

REVIEW AND RESULTS OF OPERATIONS

During the six months to December 2003, the Company acquired properties near its Goodenough tenements and at Golden Cliffs. All the properties have some mining history and are located in highly prospective geological settings. The Company continued to explore its Goodenough and other projects during the half-year.

SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 December 2003 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity.

Signed in accordance with a resolution of the directors.



Lex HJ Brailey
Director

Perth
27 February 2004

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL PERFORMANCE
For the half year ended 31 December 2003

	Note	Consolidated	
		Six months ended 31/12/2003 \$	Six months ended 31/12/2002 \$
Revenue from ordinary activities	2	183,009	7,198
Depreciation expense		2,390	4,144
Salaries and employees benefits expense		9,771	20,763
Consultants and directors fees		87,994	98,582
Legal costs		11,223	(3,920)
Travel costs		42,600	27,249
Accounting, audit and tax fees		-	18,215
ASIC / ASX fees		17,014	22,026
Annual report costs		-	12,074
Insurance costs		9,584	13,744
Rent		12,609	8,667
Other costs		46,538	19,033
Costs of tenements sold		125,000	
Loss from ordinary activities before income tax expense		(181,714)	(233,379)
Income tax expense relating to ordinary activities		-	-
Net loss attributable to members of Yilgarn Gold Limited		(181,714)	(233,379)
Earnings per share - basic	3	(0.23) cents	(0.41) cents

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2003

	Note	31/12/03 \$	Consolidated 30/6/03 \$	31/12/02
Current Assets				
Cash assets		1,333,810	39,169	183,471
Receivables		32,395	8,460	14,487
Other		-	-	8,368
Total Current Assets		<u>1,366,205</u>	<u>47,629</u>	<u>206,326</u>
Non-Current Assets				
Other financial assets		131	54	54
Plant and equipment		27,478	10,648	12,354
Exploration costs		1,543,157	1,314,963	1,456,831
Other		-	-	-
Total Non-Current Assets		<u>1,570,766</u>	<u>1,325,665</u>	<u>1,469,239</u>
Total Assets		<u>2,936,971</u>	<u>1,373,294</u>	<u>1,675,565</u>
Current Liabilities				
Payables		153,965	87,253	79,033
Provisions		-	13,550	2,185
Total Current Liabilities		<u>153,965</u>	<u>100,803</u>	<u>81,218</u>
Total Liabilities		<u>153,965</u>	<u>100,803</u>	<u>81,218</u>
Net Assets		<u>2,783,006</u>	<u>1,272,491</u>	<u>1,594,347</u>
Equity				
Contributed equity	4	4,416,307	2,724,078	2,544,623
Reserves		285,118	285,118	285,118
Accumulated losses		(1,918,419)	(1,736,705)	(1,235,394)
Total Equity		<u>2,783,006</u>	<u>1,272,491</u>	<u>1,594,347</u>

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF CASHFLOWS

For the half year ended 31 December 2003

	Consolidated	
Note	Six months ended 31/12/03 \$	Six months ended 31/12/02 \$
Cash flows from operating activities		
Payments to suppliers and employees	(183,145)	(198,458)
Revenue from sale of minerals	25,000	-
Interest received	10,409	7,198
Sundry income	1,000	-
	<u>(146,736)</u>	<u>(191,260)</u>
Cash flows from investing activities		
Proceeds sale of investments	121,601	-
Proceeds sale of mineral tenement	25,000	-
Payments for plant and equipment	(19,219)	(636)
Payments associated with acquisition of controlled entity	-	(56,012)
Loans repaid upon acquisition of controlled entity	-	(188,925)
Exploration expenditure	(199,684)	(199,426)
Acquisition of exploration prospects	(118,550)	(246,417)
	<u>(190,852)</u>	<u>(691,416)</u>
Cash flows from financing activities		
Proceeds from issues of ordinary shares, net	1,632,229	258,793
Other	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
	<u>1,632,229</u>	<u>258,793</u>
Net cash flow provided by financing activities		
	<u>1,632,229</u>	<u>258,793</u>
Net increase / (decrease) in cash held	1,294,641	(623,883)
Cash at the beginning of the reporting period	39,169	807,354
	<u>1,333,810</u>	<u>183,471</u>
Cash at the end of the reporting period		

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2003

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This half-year financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board.

This half-year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full financial report.

The half-year report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003 and any public announcements made by Yilgarn Gold Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year financial report has been prepared in accordance with the historical costs convention. The accounting policies adopted are consistent with those of the previous financial year and corresponding half year.

Going concern

The half-year 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 a loss from ordinary activities. In addition, the consolidated entity experienced net cash outflows from operating activities.

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

- The Directors consider that the Company can continue to obtain investor support to meet its further funding requirements as evident by the share placement completed during the half-year.

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

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2003

2. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated	
	31/12/03	31/12/02
	\$	\$
Interest income	10,409	7,198
Sale of mineral interests	125,000	-
Other income	47,600	-
Total revenues from ordinary activities	<u>183,009</u>	<u>7,198</u>

3. EARNINGS PER SHARE

	Consolidated	
	31/12/03	31/12/02
	cents	cents
Basic earnings per share	<u>(0.23)</u>	<u>(0.41)</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<u>78,371,437</u>	<u>57,355,454</u>

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.

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2003

4. EQUITY SECURITIES ISSUED

(a) Movements in shares on issue

	31 December 2003		31 December 2002	
	Number	\$	Number	\$
Opening balance	65,530,703	2,724,078	53,554,987	2,110,830
26 July 2002, issue	-	-	2,500,000	175,000
21 October 2002 issue.	-	-	4,285,716	300,000
30 July 2003, prospectus issue	12,700,000	508,000	-	-
29 August 2003, issue in lieu of services	500,000	25,000	-	-
2 October 2003	700,000	35,000	-	-
16 December 2003, placement	18,793,000	1,183,959	-	-
Costs of issues		(59,730)	-	(41,207)
Closing balance at the end of the period	<u>96,223,703</u>	<u>4,416,307</u>	<u>60,340,703</u>	<u>2,544,623</u>

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2003

4. EQUITY SECURITIES ISSUED - continued

(b) Movements in options on issue

	31 December 2003	
	Number	\$ value
Opening balance	32,615,622	-
30 July 2003 prospectus issue	6,350,000	-
16 December 2003, placement	9,396,500	-
TOTAL GRANTED	<u>48,362,122</u>	

These options have an exercise price of 10 cents and expiry date of 31 May 2005.

In addition to the above listed options, a further 666,666 options exercisable at 15 cents each on or before 19 October 2004 and 666,667 options exercisable at 20 cents each on or before 19 October 2005 are outstanding. None were issued during the half-year.

5. SEGMENT INFORMATION

The consolidated entity operates principally in one business segment (for primary reporting) being mineral exploration, and one geographical segment (for secondary reporting) being Australia. This is consistent with the prior year.

6. CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no change of any contingent liabilities.

7. EVENTS SUBSEQUENT TO HALF-YEAR END

There are no matters or circumstances that have arisen since 31 December 2003 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity.

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

31 December 2003

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity as represented by the results of their operations and their cashflows; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting", other mandatory professional reporting standards and the Corporations Regulations 2001; and
- (b) 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
27 February 2004

YILGARN GOLD LIMITED AND ITS CONTROLLED ENTITIES

31 December 2003

Independent Review Report To The Members

Scope

We have reviewed the financial statements of Yilgarn Gold Ltd for the half-year ended 31 December 2003 as set out on pages 4 to 11. The company's directors are responsible for the preparation of the financial report, which includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of or during the half-year.

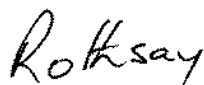
We have performed an independent review of the half-year financial report in order for the company to lodge the half-year financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the half-year financial report is free of material misstatement. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB1029:Interim Financial Reporting, and other mandatory professional reporting requirements and the Corporations Act, 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the company is not in accordance with:

- (a) the Corporations Act, 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB1029:Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



Rothsay
Chartered Accountants



Graham R Swan
Partner
Dated this 27th day of February 2004

The liability of Rothsay Chartered Accountants is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).