

Yilgarn Gold Limited

ACN 002 527 906
ABN 34 002 527 906

QUARTERLY REPORT

For the period ending 31 December 2004

CORPORATE SUMMARY

During the quarter:

- Yilgarn Gold Limited achieved 100% ownership of the New Bulong gold and nickel project
- International consulting group SRK commissioned to give a preliminary assessment of New Bulong
- Numerous drill targets tentatively identified by SRK
- Negotiations underway with major local mining groups aimed at evaluating the potential for low grade mill feed at Anomaly 38, Boundary and the Queen Margaret footwall zone
- Expressions of interest received for wider ranging exploration participation in the New Bulong project area
- New gold geochemical anomaly generated on the company's Cowarna Rocks Exploration Licence

Subsequent events:

- Yilgarn Gold Limited announced a successful placement of twelve million new shares at an issue price of \$0.015 per share raising \$180,000

New Bulong Project

Yilgarn Gold Limited 100%

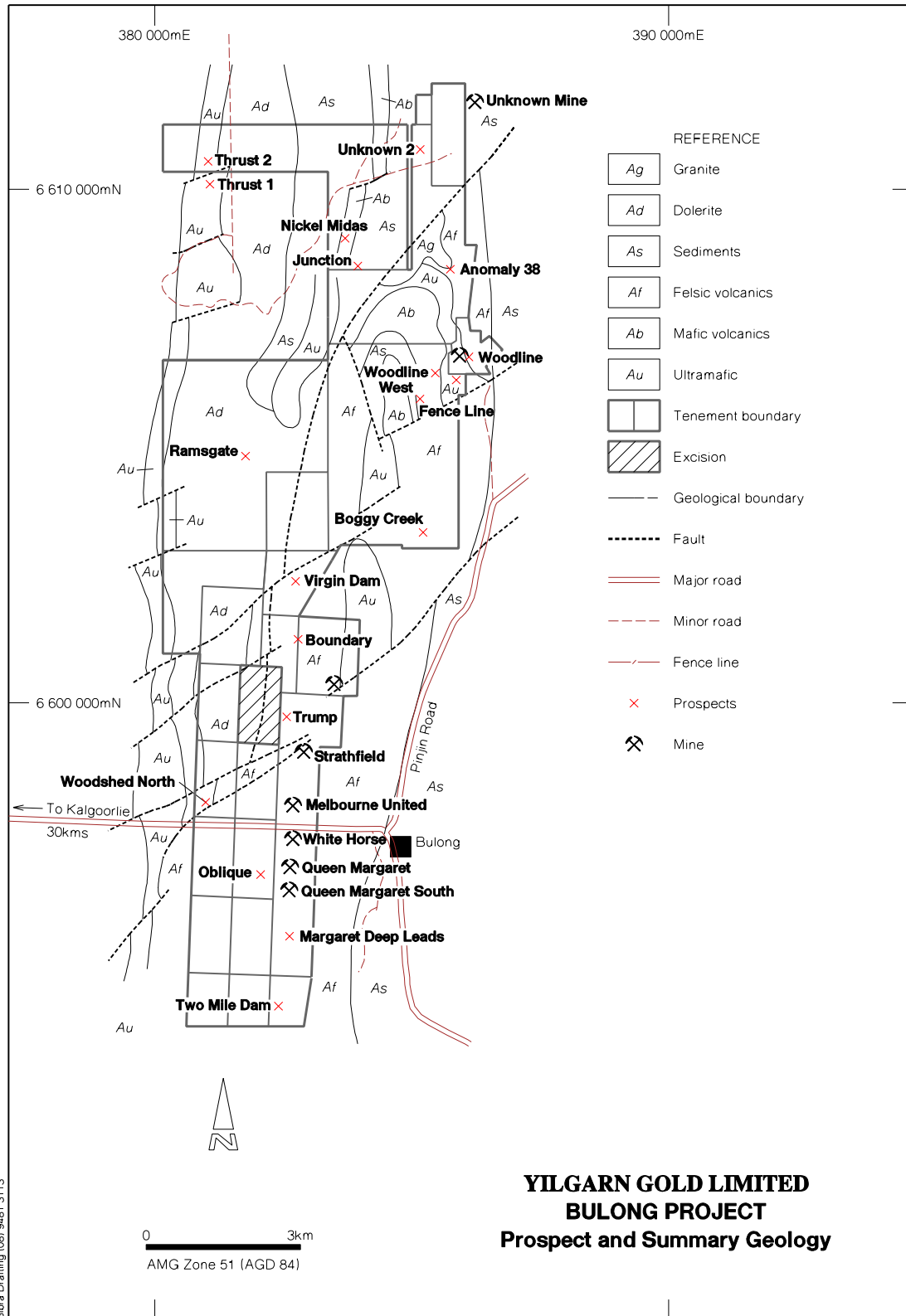
The New Bulong Project is situated approximately 30 kilometres east of Kalgoorlie with easy access along the sealed Bulong road. The project area is elongated north south and covers approximately 60 square kilometres of highly prospective greenstone terrain. The 19 km of strike includes numerous old workings and gold mines, the most notable being the Queen Margaret which closed in 1908 due to excessive water inflow on the 600 foot level. The mine has not been worked since. Main areas of interest are Anomaly 38, Woodline, Virgin Dam, Boundary, Strathfield, Queen Margaret and Queen Margaret South.

Past exploration of the project area has been focussed on gold and carried out mainly by major gold mining companies whose sole aim was to discover a resource which fitted their criteria of a large mine.

Now that the project is back under Yilgarn Gold's management the focus will be three fold which will include locating and developing near surface oxide material aimed at local plants, deeper high grade narrow vein gold deposits and, most importantly, to aggressively delineate the nickel mineralisation located by three previous RC holes drilled in 1999-2000.

Nickel exploration of the project area has suffered at the expense of gold despite it being close to the Bulong nickel deposit.





**YILGARN GOLD LIMITED
BULONG PROJECT
Prospect and Summary Geology**

Woodline

The Woodline is situated in the north east of the project area where gold was first discovered in 1895 and has been an important source of gold nuggets in the past. Several historical workings exist in the area. RC and RAB drilling has been carried out with limited success for gold and the area needs further investigation.

However the most significant results were nickel mineralisation in 3 RC holes drilled in 1999-2000 at the ultramafic/high-magnesium basalt contact giving the following results.

Hole ID	East GDA	North GDA	Dip	Azimuth	From m	To m	Interval m	Grade % Ni
BURC015	386107	6607257	-60	270	84	88	2m	1.54
BURC017	386122	6607157	-60	270	70	84	14m	1.67
BURC022	386022	6607157	-60	90	138	146	8m	0.98

Hole BURC015 is situated 100 metres north along strike from BURC017 and BURC022. Sherlock Bay Nickel Corporation Limited ("SHN") followed up these two nickel intersections with 3 RC holes which tested the down dip potential for nickel mineralisation without success. With the data now received from SHN Yilgarn Gold has re-interpreted the geology and recognised a shallow southerly plunge to the nickel mineralisation. Based on this the 2 deep RC holes, one drilled to 350m and the other 222m, passed well below the mineralised keel while the third vertical hole missed the target zone. These holes therefore did not test the nickel potential. A line of holes 100m to the south were drilled vertical and placed 100m apart and has not tested the nickel mineralisation strike potential to the south. A further 200m to the south a line of holes was drilled but only assayed for gold further supporting the fact the nickel potential has not been tested.

The original 400m long geochem nickel soil anomaly also supports the nickel potential of this area with readings in the 900's ppm for nickel against background readings of 80-150ppm. Additional drilling is required to test the Nickel potential.

Anomaly 38

Anomaly 38 is situated just to the north and east of the Woodline and has potential to supply low grade gold feed to a local plant. The area covers 1.3km of strike and the northern half has been drilled on 100m spaced lines while the southern half has only been drilled on 200m spaced lines. The following results are examples of intercepts from previous drilling carried out in 2000 by AngloGold (BURC) and Cyprus in 1994 which not only shows the potential for near surface low grade feed for local plants but the deeper intercepts indicate that there is potential at depth.

Intercepts based on 0.5g/t cut off and no top cut.

Hole ID	East GDA	North GDA	Dip	Azimuth	From m	To m	Interval m	Grade g/t Au
BA124	386037	6607857	-90	-	32	48	16	1.75
BRC243	386037	6607857	-60	90	50	54	4	2.47
BA080	386087	6608057	-90	-	36	52	16	1.05
BURC037	386086	6608557	-60	90	40	45	5	1.87
BURC026	386141	6608653	-60	90	31	38	7	11.51
BURC042	386076	6608707	-60	90	52	53	1	14.82
BURC031	385996	6608767	-60	90	14	16	2	14.15
BURC046	386026	6608857	-60	90	23	25	2	1.50
BURC049	386036	6608957	-60	90	20	24	4	1.00

The following 3 holes indicate the depth potential of the Anomaly 38 area.

BURC039	385926	6608707	-60	90	108	109	1	3.70
BURC023	385965	6608835	-60	90	81	84	3	31.43
BURC047	385936	6608957	-60	90	80	84	4	2.58

Strathfield

The Strathfield prospect lies to the north and along strike of the Queen Margaret and Melbourne United mines and has the potential to yield low grade near surface gold mineralisation. The main felsite host rock is weathered to 70 metres with the gold mineralisation present around the sheared contact between the felsite and the footwall metasediments.

It has only been tested on one section line with the following significant results. The SBRC holes were drilled by Spargos in 1988 and Mt Monger drilled the BRC holes in 1992.

Intercepts are based on 0.5g/t cut off and no top cut.

Hole ID	East Gda	North Gda	Dip	Azimuth	From m	To m	Interval m	Grade g/t Au
SBRC20	383189	6599337	-60	90	15	19	4	1.79
					24	25	1	11.26
SBRC31	383207	6599335	-90	-	13	17	4	2.43
BRC38	383228	6599332	-90	-	12	15	3	3.31
					37	39	2	10.50
BRC38	383219	6599334	-90	-	39	47	2	1.83

The following hole was drilled 100m to the south along strike and with no drilling further east.

SBRC38	383215	6599233	-60	98	48	49	1	122.54
--------	--------	---------	-----	----	----	----	---	--------

The gold mineralisation is open to the south as there are no holes drilled to the south of SBRC38.

Queen Margaret (Footwall)

At the Queen Margaret Mine all mining was from underground, there were no surface pits mined and the mining was limited to the Queen Margaret lode, a high grade quartz shear zone approximately a metre wide and grading 27g/t gold. The mine was noted for its high proportion of nuggets. It was mined extensively down to the 600 foot level at which point the mine could not contain the inflow of water from an exploration crosscut which was mined 400 metres into the footwall. Thus the mine closed in 1908. However this crosscut did expose the Queen Margaret footwall lode containing gold mineralisation which had a small trial stope mined from 6 level, but which only produced a grade of 6-7dwts/ton (approximately 9g/t) over 3 metres. In the early 1900's this was not a sustainable underground grade and the footwall lode was never mined.

The Queen Margaret footwall has been tested with RC drilling from 1992-1994. The drill lines were spaced at 25 metres with all holes drilled vertical. The justification for vertical holes was based on the interpretation that the mineralised zones had a shallow plunge to the south. The Queen Margaret structure dips at 65 degrees to the west. Yilgarn Gold Limited will determine a resource for this area in the next quarter.

RC Drilling 1992 to 1994 by Spargos. Intercepts are based on 0.5g/t cut off and no top cut.

Hole ID	East AMG	North AMG	Dip	From m	To m	Interval m	Grade g/t Au
BAC4	382810	6597460	-90	12	22	2	1.60
BAC2	382800	6597459	-90	17	24	7	1.90
94BRC50	382794	6597458	-90	36	40	4	2.50
BAC67	382805	6597363	-90	7	16	9	1.30
BAC65	382796	6597364	-90	18	23	5	1.40
BAC66	382801	6597363	-90	29	33	4	5.04
94BRC37	382787	6597328	-90	12	19	5	1.40
BAC10	382800	6597308	-90	10	14	4	1.42
BAC9	382794	6597308	-90	23	27	4	3.50
BAC8	382789	6597310	-90	7	14	7	1.19
94BRC30	382781	6597288	-90	16	20	4	1.50
				29	33	4	1.50
				39	42	3	4.22
BAC70	382782	6597268	-90	21	25	4	7.45
				48	50	2	34.80
94BRC21	382764	6597241	-90	26	30	4	2.17
94BRC14	382769	6597200	-90	20	22	2	5.80

This drilling indicates low grade gold mineralisation is present in the Queen Margaret footwall near the surface and covers a strike length of 300 metres.

Boundary / Virgin Dam

The Boundary and Virgin Dam prospect exist on a structure to the east of the Queen Margaret line and are buried beneath at least 20 metres of transported cover. They were both discovered with the use of soil geochemistry. Due to the amount of cover there are no historical workings on these prospects. An inferred resource of 47,000 tonnes at 3.37g/t was calculated for the Boundary in 1993, with the economics at that time proving the deposit to be marginal due to the over burden. Yilgarn Gold Limited will be applying present day economics to the deposit to determine its viability and 3D modelling to generate any possible targets down plunge and dip.

Boundary

The gold mineralisation is found within steeply dipping quartz veins within a sequence of sheared, carbonaceous black shales, fine grained sediments and ultramafics.

The significant drill intercepts from previous drilling by Mt Monger in 1992 and SHN in 2003 include the following.

Intercepts are based on 0.5g/t cut off and no top cut.

Hole ID	East GDA	North GDA	Dip	Azimuth	From m	To m	Interval m	Grade g/t Au
NBB2	382929	6601040	-60	270	52	56	4	11.04
				Includes	54	55	1	29.20
BRC032	382921	6601049	-60	270	35	46	11	2.96
BRC033	382929	6601048	-60	270	38	58	20	8.18
NBB7	382934	6601072	-60	270	41	50	9	3.82
					57	63	6	4.66
BRC052	382935	6601082	-60	270	41	62	21	2.67
BRC088	382890	6601094	-60	90	43	49	6	7.91
BRC087	382882	6601053	-60	90	56	64	8	3.31

Additional drilling is required to test the southerly plunge to the mineralisation.

Virgin Dam

The Virgin Dam prospect was located in 1992 by soil geochemistry with a peak of only 98ppb Au beneath an overburden of at least 50m. Three dimensional modelling indicates the mineralisation plunges to the south which is untested at depth. The sequence consists of weakly sheared felsic to intermediate volcanics with narrow lenses of altered sediments.

The following results show the mineralised intersections with the BUD diamond core holes being drilled by Cyprus/Acacia between 1994/98. SHN followed up with two VD1 and VD2 in 2003. There were no significant intersections in VD2 which was drilled to a depth of 288 metres and probably passed below the keel of the mineralisation which has a southerly plunge.

Intercepts are based on 0.5g/t cut off and no top cut.

Hole ID	East GDA	North GDA	Dip	Azimuth	From m	To m	Interval m	Grade g/t Au
BUD001	382521	6602652	-60	90	162	164	2	4.68
					184	189	5	2.98
					237	242	5	2.86
BUD002	382574	6602721	-62	135	211	221	10	6.66
BUD003	382554	6602673	-60	135	182	187	5	1.52
VD1	382566	6602659	-60	90	137	143	6	2.27
					183	188	5	1.63
					191	198	7	3.64

The results presented were sourced from the Department of Industry and Resources and original drill logs. Assay data were checked and Yilgarn Gold Limited is satisfied that the data collection and quality carried out by the previous explorers (Spargos, Mt Monger Gold, Cyprus Gold, Ramsgate, Accacia and Anglo Gold) are of good quality. Field checks of drill sites were completed where possible.

With management of the New Bulong Project under Yilgarn Gold Limited's control an agreement has been signed with a local prospector to prospect for surface gold over several of the project's leases undertaking extensive mandatory rehabilitation work in the process. Prospecting using a small bulldozer to scrape and detect the surface for gold covering two hectares at any given time continues with the prospector now concentrating on the Woodline area.

Cowarna Rocks E28/1041

Yilgarn Gold Limited 100%

The Cowarna Rocks project lies 85km east of Kalgoorlie and covers 14 square kilometres of the Jubilee Greenstone Terrane.

The Railway shear, which is interpreted to run through the middle of the exploration licence, separates the Kurnalpi belt which lies to its east and consists of mafic and ultramafic rocks with the North-West striking Penny Dam conglomerate covering most of the western portion of the licence.

Assay results were received for a surface geochemistry program which was completed over the western half of the exploration licence covering an area of 7 square kilometres. Samples were collected on 400 metre spaced lines at intervals of 100 metres. Whole samples were collected from a depth of 20cm and the material submitted to Kalassay Group for analysis using the Aqua Regia Digest / ICP-MS Analysis method. All samples were tested for Au, Ni, Cu and Co.

The results indicate a gold soil anomaly is present in the central eastern part of the licence and covers a north south strike of 800 metres and extends east west up to 700 metres. Background results averaged between 0.005-0.008ppm Au with the anomaly average between 0.014-0.20ppm Au. The highest result was 0.033ppm Au. The anomaly is not fully defined to the east as the geochemistry in this area still needs to be completed. It is interesting to note the position of the gold anomaly corresponds to the interpreted position of the Railway shear. The area is totally soil covered with no outcrop. Minerals targeted in this program were gold, nickel, copper and cobalt with no anomalous results for nickel, copper or cobalt.

Geochemical work carried out by a previous operator used the BLEG technique screening off <micron material. This programme failed to identify the anomaly. This has been attributed to the lack of fines in the material presented for assay.

Geological interpretation using ground information, air photography and aeromagnetic data is ongoing to define the structures in the area and the geochemistry will be completed to the east. It is then planned to commence an initial RAB drilling programme to bedrock.

Goodenough Project

Yilgarn Gold Limited 100%

Aeromagnetic data was obtained and is being used to aid the on going structural interpretation of the area to the north and south of the Goodenough mine.

A number of approaches have been made to the Company by other parties to farm-in to various areas held by Yilgarn Gold in the Menzies project area, including an underground mine operator submitting a proposal to de-water the existing Goodenough workings with the view to re-starting mining operations under a tribute agreement. All proposals are being considered.

Results from the SPADIS programme carried out on all previous drilling by Vearncombe and Associates which identified additional drill targets are still being considered.

Browns Lagoon

Yilgarn Gold Limited 100%

With the withdrawal of Placer Dome Asia Pacific Limited from the Browns Lagoon Project Yilgarn Gold Limited is reviewing the options available.

Great Southern Project

Yilgarn Gold Limited 100%

The recent sampling data for this project was reviewed and the Company is considering various options for the future of the Great Southern Project.

Golden Cliffs

Yilgarn Gold Limited 100%

Ongoing discussions with Aboriginal interest groups regarding sacred sites on the mining lease continue.

An agreement has been signed with a local prospector to prospect for surface gold on mining lease using a front end loader to scrape and then detect. This will aid in the rehabilitation of areas previously disturbed at no cost to the Company and the Company will receive 10% of all gold won from the lease.

Before work can begin the Company has been advised by the Department of Industry and Resources that a survey of the mining tenement must be carried out.

Foley Well

Yilgarn Gold Limited 100%

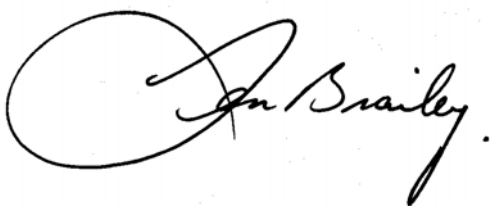
No information was received from Gutnick Resources during the quarter.

Clinker Hill

Yilgarn Gold Limited 100%

ML application is still pending.

YILGARN GOLD LIMITED

A handwritten signature in black ink, appearing to read "L Brailey", is written over a faint, circular embossed seal or watermark.

L BRAILEY
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr N Taylor MAusIMM MAIG, a full time employee of the Company. Mr Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.