

Yilgarn Gold Limited

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QUARTERLY REPORT

For the period ending 30 June 2005

New Bulong Project Yilgarn Gold Limited 100%

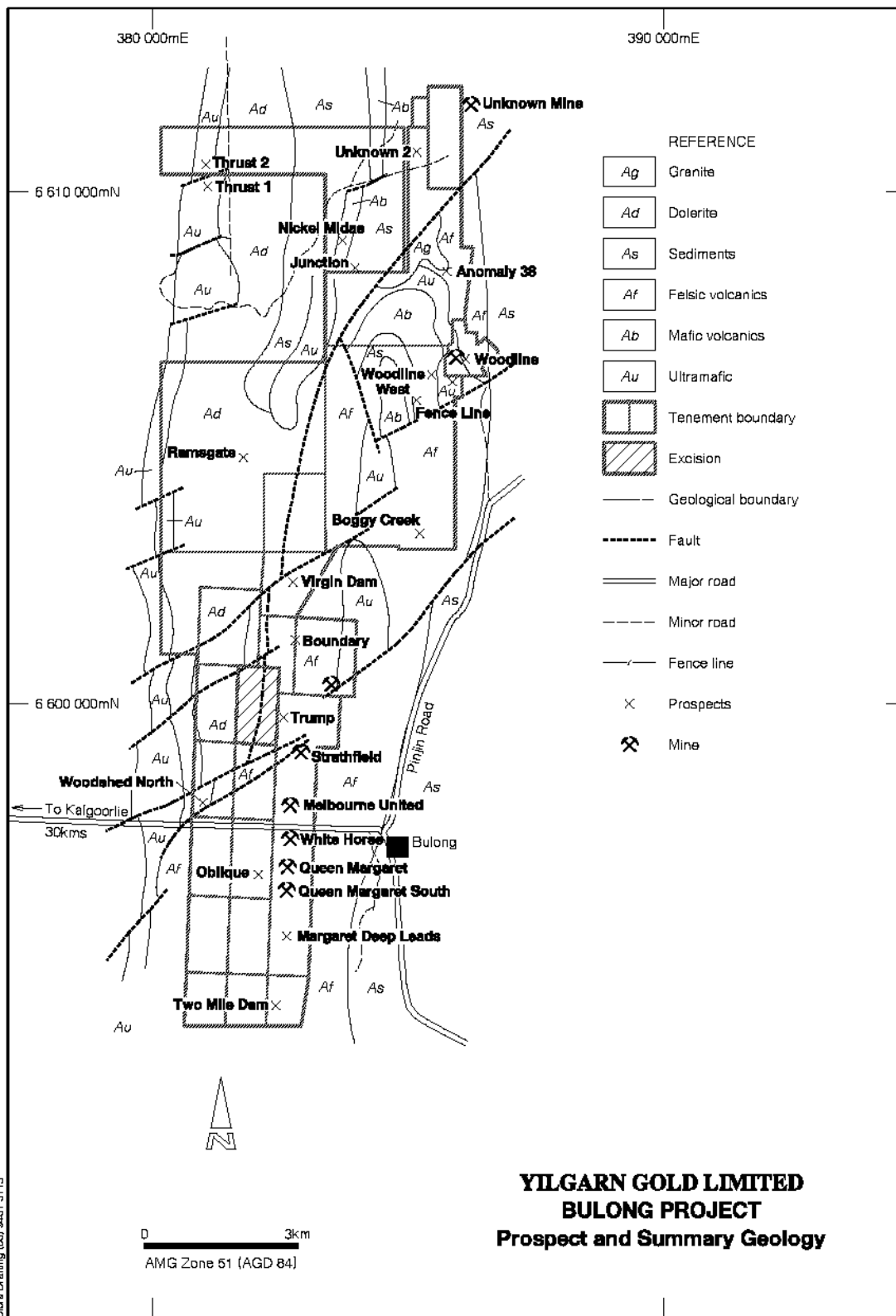
The New Bulong Project is situated approximately 30 kilometres east of Kalgoorlie with good access along the sealed Bulong road. The project area is elongated north south and covers approximately 60 square kilometres of highly prospective greenstone terrain. The 19 km of strike includes numerous old 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 target areas are The Queen Margaret and Queen Margaret South (shallow & deep gold targets of footwall & main lode). Anomaly 38 (shallow gold), Woodline (nickel), Strathfield (shallow gold), Virgin Dam & Boundary (deep gold).

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

Yilgarn Gold Limited will focus on 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. Target generation and planning is in progress with the target areas shown in the attached plan.

The Board is currently seeking a suitable joint venture partner so that exploration may recommence on this project as soon as possible. To date several major mining company's have expressed an interest in a potential joint venture and are currently reviewing our extensive data base on the New Bulong Project. The board will advise the market immediately if a commercially acceptable proposal is put to the company.





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Queen Margaret / Queen Margaret South

Historical mining from the Queen Margaret Mine was from underground stopes which did not penetrate to the surface. A review of historical records from 1896 to 1908 indicates three shallow open pits 4 to 15 metres deep were mined between the QM main shaft and the White Horse shaft to the north. The mine manager records reported the pit covered the mining costs, although he reported 210 ounces were recovered from the 90 metre White Horse section of the pit. The 6 month report to December 1905 recorded 1,307tonnes were treated from the pit and dumps producing 165.5 ounces of gold. Surface potential therefore exists south of the main shaft along the main and footwall lodes.

The mining underground and in the pit was limited to the Queen Margaret main 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 (182m) at which point the mine could not contain the inflow of water from an exploration crosscut mined 400 metres into the footwall. 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. The near surface footwall gold mineralisation needs to be tested with angled holes to the east which includes the interpreted surface expression of the lode.

Anomaly 38

Anomaly 38 is situated just to the north and east of the Woodline and needs to be investigated for a potential supply of 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. Infill drilling will determine the near surface gold potential of this area.

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 with the Bulong Laterite Nickel mine situated less than 500m to the south east. RC and RAB drilling has been carried out with limited success for gold. 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

The nickel potential of this area has not been thoroughly tested.

Strathfield

The Strathfield prospect lies to the north and along strike of the Queen Margaret and Melbourne United mines and also 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 drill tested on one section line with holes drilled by Spargos in 1988 and Mt Monger in 1992. Additional drilling is required to fully test the potential of near surface gold mineralisation.

Boundary / Virgin Dam

The Boundary and Virgin Dam prospects are situated 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.

Cowarna Rocks E28/1041

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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.

The gold soil anomaly identified in the central eastern part of the licence has an anomaly average of between 0.014-0.20ppm Au. It covers a north south strike of 800 metres extending east west up to 700 metres and is incomplete. It needs to be defined towards the east. Soil sampling will be completed when the soil dries out after recent rains. The gold anomaly corresponds to the interpreted position of the Railway shear and the area is totally soil covered with no outcrop. Geological interpretation is ongoing to define the structures of the area.

Goodenough Project

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A company which has extensive interests in the Menzies area has expressed an interest in the Goodenough Project and associated regional tenements and has therefore signed a confidentiality agreement to access the available data.

Browns Lagoon

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The Company is considering various options for the future of the Great Southern Project

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Golden Cliffs

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A leading mining company in the area has expressed an interest in the property and has signed a confidentiality agreement to access the available data.

A survey of the mining tenement was completed as requested by the Department of Industry and Resources.

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

Foley Well

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Foley Well is in joint venture with Gutnick Resources who manage the project. Exploration licence E31/252 was nearing the end of its term and was surrendered. The project now consists of 3 mining lease applications and an exploration licence application. Until these are granted no further field work can be carried out.

Clinker Hill

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ML application is still pending.

