

Yilgarn Gold Limited

ABN 34 002 527 906

11 August 2005

Mr Vickrem Naicker
Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

By facsimile: 9221 2020

Dear Vickrem

Quarterly Report

We refer to your letter dated 10 August 2005 with respect to questions raised regarding the Company's Quarterly Cashflow Report for the quarter ended 30 June 2005 and respond as follows:

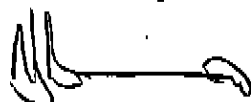
1. It is not anticipated that the company will continue to expend cash at the rate indicated in the June 2005 Quarterly Cashflow Report. During the quarter the company incurred non-recurring administration expenses of approximately \$60,000. The Company has taken steps to minimise the level of administration expenses being incurred. In addition, as noted in 2 below the Company is seeking joint venture partners in respect to selected projects to undertake further exploration work.
2. As announced on 28 June 2005 the Board resolved not to proceed with a previously announced non-renounceable pro rata rights issue. This decision was taken in light of the complete change in the Board of the company, to allow the Board to review all company projects and undertake an assessment of the company's funding requirements.

This review has been ongoing and the company is currently reviewing capital raising options. The Board is confident based on discussions to date that the company will be able to raise sufficient capital to meet its future working capital requirements.

The Company is also actively seeking joint venture partners on selected projects to undertake further exploration work. Discussions are currently being undertaken with a number of interested parties, with data review being undertaken.

3. The Company is of the opinion that it is in compliance with listing rule 12.2 for the reasons as outlined above. The company does not have any significant liabilities, other than director loans, which are only repayable if the company has sufficient funds to meet its financial commitments.
4. The Company confirms that it is in compliance with the listing rules, and in particular, listing rule 3.1.

Yours faithfully



N J Bassett
Company Secretary



10 August 2005

Neville Bassett
Company Secretary
Yilgarn Gold Limited
C/- Westar Capital Limited
Level 9, 190 St Georges Tce

By facsimile: (08) 9486 8066

Dear Sir

Yilgarn Gold Limited (the "Company")

I refer to the Company's Quarterly Cashflow Report for the quarter ended 30 June 2005, released to Australian Stock Exchange Limited ("ASX") on 29 July 2005, (the "Quarterly Report").

ASX notes that the Company has reported the following.

1. Payments for exploration and evaluation for the quarter of \$27,000.
2. Payments for administration for the quarter of \$110,000.
3. Net negative operating cash flows for the quarter of \$136,000.
4. Cash at end of quarter of \$106,000.
5. Estimated exploration and evaluation for the next quarter of \$20,000.

In light of the information contained in the Quarterly Report, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Quarterly Report, the Company may only have sufficient cash to fund its activities for less than one quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. What steps has the Company taken to ensure that it has sufficient funds in order to continue its operations?
3. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 (08) 9224 0014
Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (ie before 5.00 pm W.S.T.) on Thursday, 11 August 2005.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,



Vickrem Naicker
Companies Adviser

Direct Line: (08) 9224 0032