

Yilgarn Gold Limited

ABN 34 002 527 906

21 March 2006

Companies Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Yilgarn Gold to farm-into Philippine offshore oil and gas acreage and to appoint new Directors

Yilgarn Gold ("Yilgarn") is pleased to announce that yesterday it entered into a farm-in letter agreement with Nido Petroleum Limited ("Nido"), an ASX listed company, to earn a 40% participating interest in Service Contract 54 ("SC 54") – (refer attachment 2). SC 54 consists of over 5,000 square kilometres in the Northwest Palawan Basin, offshore Philippines and is currently held 100% by Nido.

The company is also pleased to advise that Mr Paul Fry will be appointed managing director and Mr Laurie Brown as technical director (refer attachment 1). Mr Nigel Gellard has retired from the Board and we thank him for his support over the past year.

The company's primary focus remains with its gold exploration activities. As previously announced, the company is planning follow up drilling on its 100% owned "New Bulong Project" located approximately 30km east of Kalgoorlie. We will make an announcement when drilling is due to commence which is subject to finalising drill hole targetting and rig availability.

Farm-in

Under the farm-in, Yilgarn will earn a 40% participating interest in SC 54 upon completion of two stages. The first stage requires that Yilgarn fund a seismic programme to a cap of US\$3.2 million (Yilgarn's share) on a 4:3 basis. On completion of the seismic programme and technical evaluation of the seismic data, Yilgarn may proceed with the second stage set out below or exit the farm-in without any further obligation or interest.

Level 9, 190 St George's Terrace, Perth, Western Australia 6000
PO Box Z5431, St George's Terrace, Perth, WA 6831
Tel: 61 8 9486 7066 Fax: 61 8 9486 8066

If Yilgarn elects to continue into the drilling phase (the second stage) it will earn its interest by paying 80% of the costs of drilling a well. Yilgarn has the right to assign all or part of its interest in the farm-in at any time.

The farm-in is subject to legal due diligence, regulatory approvals, execution of a formal farm-in agreement and raising sufficient funds to finance the seismic programme.

SC 54 provides access to conventional plays targetting Nido limestone reservoirs in structural closures and reefal build-ups and to a highly prospective Miocene turbidite play fairway.

The primary target of the seismic programme will be the Coron North structure which has been mapped as a large 4-way dip closed structure with the primary reservoir target being the Nido Limestone. The seismic programme will also cover the Miocene deep water turbidite play with targets considered similar to the recent oil discoveries made by Hardman and Woodside in similarly aged reservoirs offshore Mauritania.

Yilgarn's Chairman, Mr Peter Vassileff, commented:

"This farm-in represents an opportunity for Yilgarn to augment its current gold assets with a highly prospective oil and gas play. We are pleased to partner Nido in the seismic programme and to participate in a potentially high impact play. We are delighted to have Mr Fry and Mr Brown join our Board. Mr Brown's turbidite experience will be invaluable to unlocking the value of this prospect."

Commensurate with finalising the farm-in arrangements, the company will be reviewing its financing alternatives.

For further information contact:

Graeme Clatworthy

Director

Tel +61 (0) 8 9486 7066

Attachment 1

Mr Paul Fry

Mr Paul Fry will join the company as its managing director. Mr Fry has over 20 years experience working in the oil and gas industry in Australia, UK and North America. He was formerly an oil and gas partner with Ernst & Young and Pricewaterhouse Coopers in Australia and Canada and brings a wealth of experience working with junior oil and gas companies. My Fry recently served as a director of Alto Energy Limited.

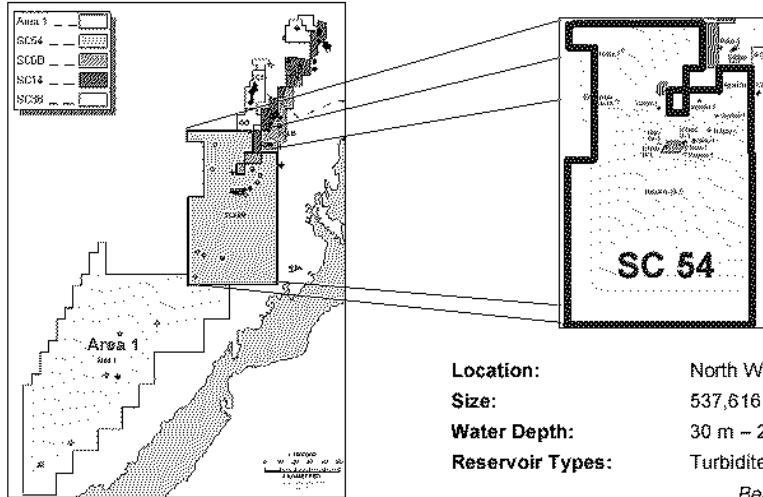
Mr Laurie Brown

Mr Laurie Brown will join the company as its technical director. Mr Brown has over 23 years international petroleum exploration industry experience as an exploration geoscientist. He joined BP in 1982 and after 17 years, working predominantly on international assignments covering the Middle East, Asia, Africa, UK and Australia, he settled in Australia in 1999 where he held a lead role in Woodside's International Team. He was appointed as a Shell Global Consultant and led Woodside's technical exploration effort in deepwater Mauritania, culminating in the landmark Chinguetti discovery.

In 2001 Mr Brown joined Fusion Oil & Gas, a Mauritania joint venture participant, helping to grow its asset portfolio into a diverse range of largely operated exploration assets in Gabon, Cameroon, Senegal, Guinea-Bissau, Western Sahara as well as Mauritania. He was then appointed Exploration Director of Sterling Oil & Gas following its takeover of Fusion Oil & Gas in December 2003 and left following the relocation of Sterling's exploration group to the UK.

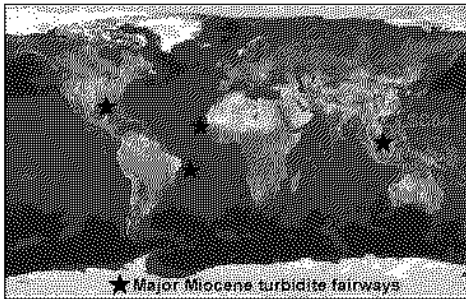
Mr Brown has considerable experience in evaluating turbidite plays and through his role with Woodside was instrumental in finding the Chinguetti turbidite discovery.

SC 54: Reference Guide



Location: North West Palawan Basin, Philippines
Size: 537,616 hectares (1.33 million acres)
Water Depth: 30 m – 2,000 m
Reservoir Types: Turbidite Sandstones
Being developed at Galoc Platform/Pinnacle Reef Carbonates Producing at Malampaya

Seismic: 2D & 3D coverage
Nearby Field: Malampaya Gas Field (Shell/Chevron-Texaco) 3.2 Tcf Gas/100 million bbl Oil
Commitment: 3D seismic program in 2006, well commitment in 2007



Miocene Turbidites are the productive reservoirs in some of the World's most prolific basins including Gulf of Mexico, Campos Basin, Mauritania & Brunei/Sabah...these same reservoirs have been identified on 3D seismic in SC54 in the Philippines

Company	Before Farm in	After Farm in
Nido Petroleum Ltd	100%	60%
Yilgarn Gold Ltd	0%	40%