

Yilgarn Gold Limited

ACN 002 527 906
ABN 34 002 527 906

QUARTERLY REPORT

For the period ending 31 March 2006

Corporate Summary

Capital Raising

During the quarter, the company completed the capital raising pursuant to a prospectus dated 14 December 2005, thereby issuing:

- (a) 71,500,000 ordinary fully paid shares at an issue price of 1.5 cents each, together with 71,500,000 free attaching options expiring 31 December 2008 at an exercise price of 5 cents each; and
- (b) 80,000,000 options expiring 31 December 2008 at an exercise price of 5 cents each, at an issue price of 0.1 cent each.

The company also issued a further 5,000,000 shares (together with 5,000,000 free attaching options) on the same basis as in (a) above. Total funds raised from these issues was \$1,227,500.

New Project – Philippines Offshore Oil and Gas Farm-in

On 21 March 2006 the company announced that it has 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"). SC 54 consists of over 5,000 square kilometres in the Northwest Palawan Basin, offshore Philippines and is currently held 100% by Nido.

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, the drilling phase, or exit the farm-in without any further obligation or interest.

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.

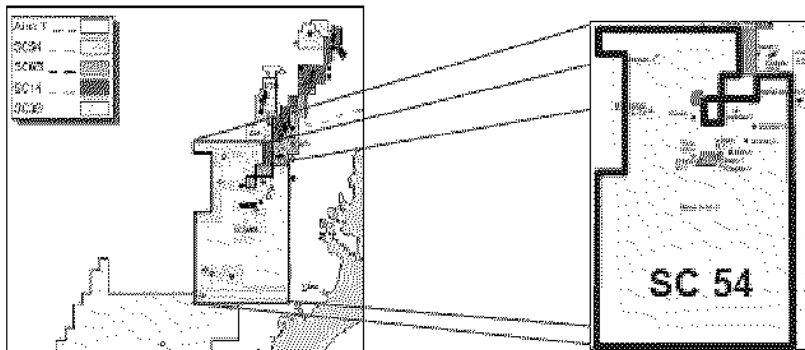
The farm-in is subject to regulatory approvals, execution of a formal farm-in agreement and raising sufficient funds to finance the seismic programme.

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.

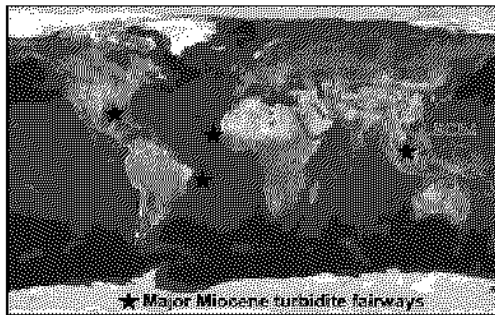
The primary target of the seismic programme will be the Coron North structure which has been mapped as a large 4-way dip closed structure with the primary reservoir target being the Nido Limestone. The seismic programme will also cover the Miocene deep water turbidite play with targets considered similar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

Yilgarn's director, Laurie Brown, has been seconded to the SC 54 project to provide geoscience technical advice to the Nido exploration team.

SC 54



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



★ Major Miocene turbidite fairways
 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%

New Directors

During the quarter the following appointments were made:

Mr Paul Fry

Mr Paul Fry has joined 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 has joined 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 took up 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 JV 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 resigned in January 2006 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.

New Bulong Project

Yilgarn Gold Limited 100%

An Aircore drill program was completed at the New Bulong Project consisting of 20 holes to test the footwall mineralisation at the Queen Margaret Mine, 10 holes at Anomaly 38 and three at the Boundary prospect to test for near surface gold mineralisation. Significant results are shown below. An additional 10 holes are planned for the Queen Margaret and 11 holes for the Strathfield prospect situated on strike 1.5km to the north of the Queen Margaret.

The project is situated 30 kilometres east of Kalgoorlie and covers approximately 60 square kilometres of highly prospective greenstone terrain, which includes 19 km of strike and contains numerous old workings and gold mines, the most notable being the Queen Margaret which closed in 1908.

Rehabilitation work and low impact prospecting using a local prospector continues to concentrate north of the Melbourne United mine to the Strathfield area. Two hectares are completed at a time to the satisfaction of the Dept of Industry and Resources Environmental Division. This work aids in the clean up of the old historical mining which was not rehabilitated at no cost to the company.

QUEEN MARGARET

Historical mining from the Queen Margaret Mine was from underground stopes which did not penetrate to the surface and was limited to the Queen Margaret main lode, a high grade quartz shear zone approximately a metre wide and grading 27g/t gold. It was mined extensively down to the 600 foot level (182m). An exploration crosscut mined 400 metres into the footwall exposed the Queen Margaret footwall lode containing gold mineralisation. Two small trial stopes were mined from 6 and 3 level, but 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 mining of the footwall lode was abandoned.

The Queen Margaret footwall was 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 latest drill program tested the gaps in the drilling for near surface footwall gold mineralisation with angled -60 degree holes to the east. The holes covered the interpreted surface expression of the lode. Due to rig commitments the 10 most northerly holes north of Y24 were not drilled and are planned for the future. Once those results are available the economics of the footwall lode can be determined.

Hole ID	North	East	Depth (m)	Dir	Dip	From	To	Grade g/t Au
Y24	6597485	382937	24	090	-60	1	2	0.84
						14	15	0.51
						15	16	1.52
						18	19	0.61
						16	17	1.42
Y25	6597450	382910	45	090	-60	19	20	0.76
						20	21	1.31
						23	24	2.01
						28	29	1.01
						30	31	1.68
Y26	6597450	382930	21	090	-60	0	1	0.53
Y27	6597400	382902	51	090	-60	16	17	1.58
						17	18	1.36
						18	19	0.86
						31	32	2.00
Y28	6597400	382915	36	090	-60	14	15	1.24

						16	17	1.15
						21	22	5.44
						25	26	0.53
						34	35	1.83
						35	36	4.19
Y29	6597400	382928	21	090	-60	13	14	2.24
Y30	6597370	382915	31	090	-60	15	16	5.32
						16	17	1.47
						20	21	0.53
						21	22	0.69
						22	23	0.86
Y32	6597306	382912	39	090	-60	33	34	1.57
Y33	6597306	382926	24	090	-60	0	1	1.08
Y34	6597266	382908	48	090	-60	16	17	2.17
						23	24	0.52
Y35	6597266	382920	39	090	-60	0	1	1.33
						27	28	0.68
Y36	6597266	382938	24	090	-60	0	1	0.65
Y37	6597266	382950	15	090	-60	1	2	0.63
Y38	6597160	382885	51	090	-60	47	48	3.86
Y38	6597160	382907	21	090	-60	1	2	0.65
Y40	6597120	382892	51	090	-60	43	44	0.92

ANOMALY 38

Anomaly 38 is situated in the north east of the project area and required infill drilling to follow up on previous significant intersections. The area covers 1.3km of strike and while the northern half has been drilled on 100m spaced lines the southern half has only been drilled on 200m spaced lines. Infill drilling will help determine the near surface gold potential of this area. Ten holes were drilled with the following significant intersections. Additional drilling will be required to evaluate the full near surface potential of this area.

Hole ID	North	East	Depth (m)	Dir	Dip	From	To	Grade g/t Au
Y45	6608960	386097	36	090	-60	32	33	1.06
Y46	6608910	386040	44	090	-60	40	41	0.83
Y48	6608810	386015	41	090	-60	31	32	2.33
						32	33	4.12
						33	34	1.38
						34	35	0.59
Y52	6608710	386195	37	090	-60	26	27	0.52
						35	36	1.04

Boundary

The Boundary prospect is situated on a structure to the east of the Queen Margaret line and is buried beneath at least 20 metres of transported cover. The prospect has an inferred resource of 47,000 tonnes at 3.37g/t. Three holes were drilled to test the thickness of this cover up plunge at the northern part of the deposit with the following significant results. The drilling confirmed at least 20 metres of barren cover is present.

Hole ID	North	East	Depth (m)	Dir	Dip	From	To	Grade g/t Au
Y56	6601035	382890	42	090	-60	38	39	1.91
Y59	6601080	382902	43	090	-60	30	31	3.82
						31	32	0.84

All samples at the Queen Margaret and Boundary were over one metre and collected through a splitter. At Anomaly 38 two metre composites to a depth of 14 metres were collected thence one metre samples taken. Due to the clay present samples were not split but collected using the spear method. All assays were determined using the Aqua Regis Digest method at Kalgoorlie Assay Laboratories.

Browns Lagoon

Yilgarn Gold Limited 100%

The Browns Lagoon Project is situated approximately 60km northwest of Kalgoorlie in the Broad Arrow Mineral Field just west of Ora Banda. A RAB drill program consisting of approximately 1000 metres is planned in the near future which is designed to follow up on significant intersections Goldfields Pty Ltd and Placer Dome Asia Pacific encountered on their previous exploration as shown below.

Goldfields Exploration

In 1999 Goldfields Exploration PTY LTD carried out a RAB program consisting of 86 holes for 4,041 metres. Goldfields targeted previously defined gold and lead anomalies in the surface soils. The following holes intersected material greater than 0.1g/t Au.

Goldfields - Significant Drill Intercepts

Hole	North AMG	East AMG	Azimuth	Dip	Depth From	Interval (m)	Gold Grade (g/t)
BLRB0031	6630345	305820	040 NE	-60	32	4	0.22
BLRB0059	6631743	304523	040 NE	-60	32	8	1.00
BLRB0060	6631681	304471	040 NE	-60	0	4	1.46
BLRB0076	6632715	303526	040 NE	-60	36	4	0.20
BLRB0077	6632654	303474	040 NE	-60	48	4	0.26
BLRB0082	6629585	307146	040 NE	-60	36	4	0.14
BLRB0083	6629524	307094	040 NE	-60	36	4	0.31
BLRB0085	6629401	306991	040 NE	-60	68	11	0.39

Lower cut-off-grade of 0.1g/t, 1m minimum interval

Hole BLRB0059 which intersected 8 metres at 1g/t Au from 32 metres is sited on the interpreted position of the Zuleika shear zone, while hole BLRB0060 is sited in the komatiites and intersected 1.46 g/t Au in the first 4 metres. This is probably a 020 structure connected to the Zuleika shear zone.

Placer Dome Asia Pacific

Placer Dome drilled two RC holes, which targeted the Zuleika Shear zone a major North West zone extending the length of the project. However the two RC holes LWRC001 & 002 were sited to the east of the shear zone in the Kurrawang conglomerate formation, confirmed by Placer's geological logging. These holes did not test the Zuleika Shear zone.

However they produced the following significant intersections.

RC intercepts (>2g/t)

Placer - Significant Drill Intercepts

Hole ID	From	To	Interval (m)	Grade(g/t)	Intercept
LWRC001	212	216	4	3.36	4m @ 3.36 g/t Au
Incl.	212	214	2	6.42	2m @ 6.42 g/t Au
LWRC002	60	62	2	3.46	2m @ 3.46 g/t Au

The logging indicated the grade was associated with vein quartz which is probably due to 020 splay structures from the Zuleika Shear zone.

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.

Previous soil sampling identified an anomalous area in the south which needs to be better defined with infill soil sampling on 200 metre spaced lines planned for June. The area is totally soil covered with no outcrop. Geological interpretation using ground information, air photography and aeromagnetic data is ongoing with work concentrating on fitting the identified gold geochemical anomalies into the structural setting of the project area. Additional sampling will confirm the anomalies and possible drill targets will be defined.

Goodenough Project

Yilgarn Gold Limited 100%

The company continues to discuss the future of this project with interested parties. Three prospecting licence applications to the south of the Goodenough mining lease continue the right to negotiate phase with the Wutha and the Wongatha People.

Great Southern Project

Yilgarn Gold Limited 100%

The Company continues to consider various options for the future of the Great Southern Project.

Golden Cliffs

Yilgarn Gold Limited 100%

After a careful review of all the available data on the Golden Cliffs project M39/327 the company decided the project did not meet the minimum exploration requirements and had little potential. The company therefore surrendered the lease at the beginning of the quarter and has no further interest in the area.

Foley Well

Yilgarn Gold Limited 100%

Foley Well is in joint venture with Gutnick Resources who manage the project. 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.

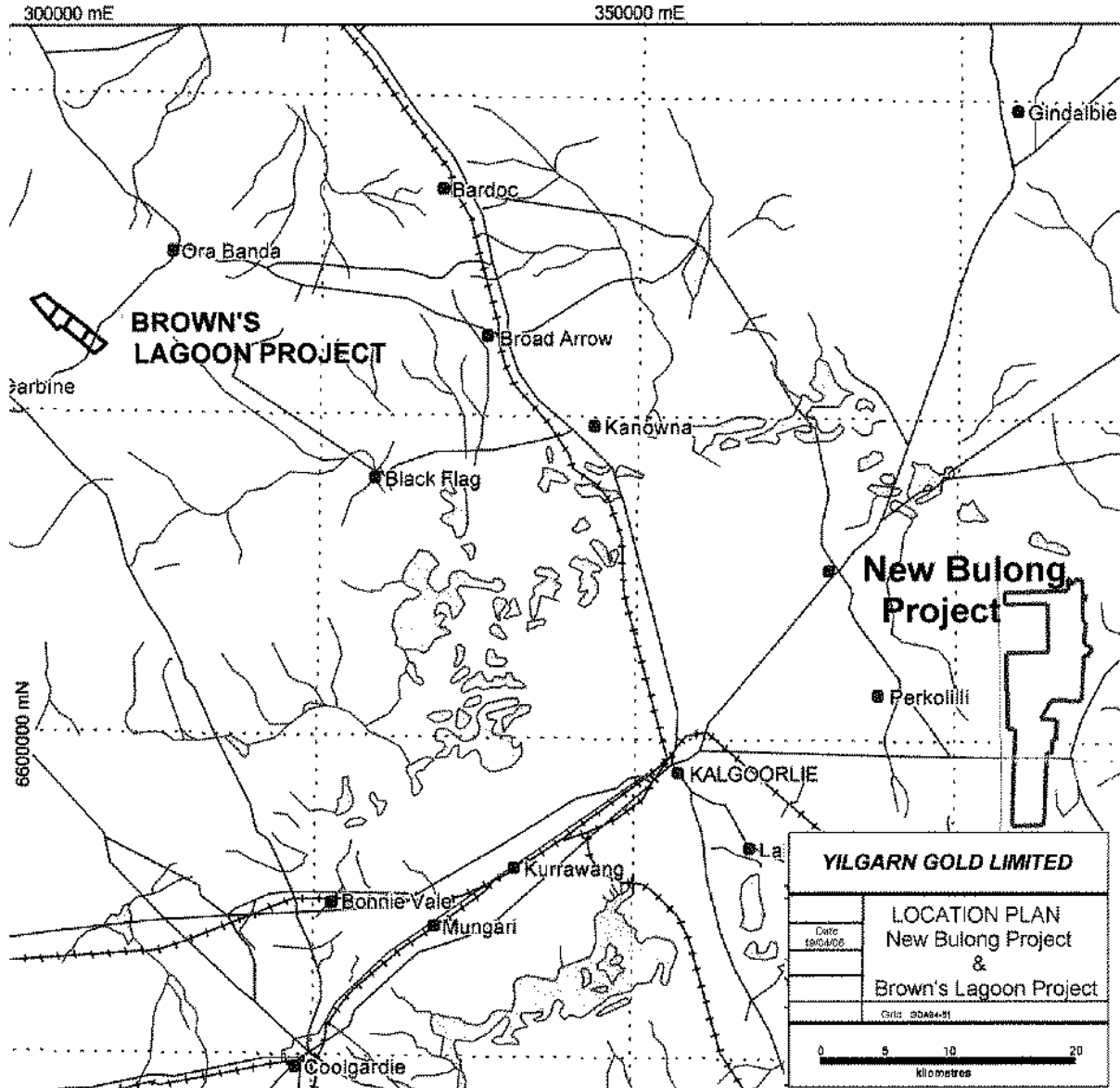
Clinker Hill

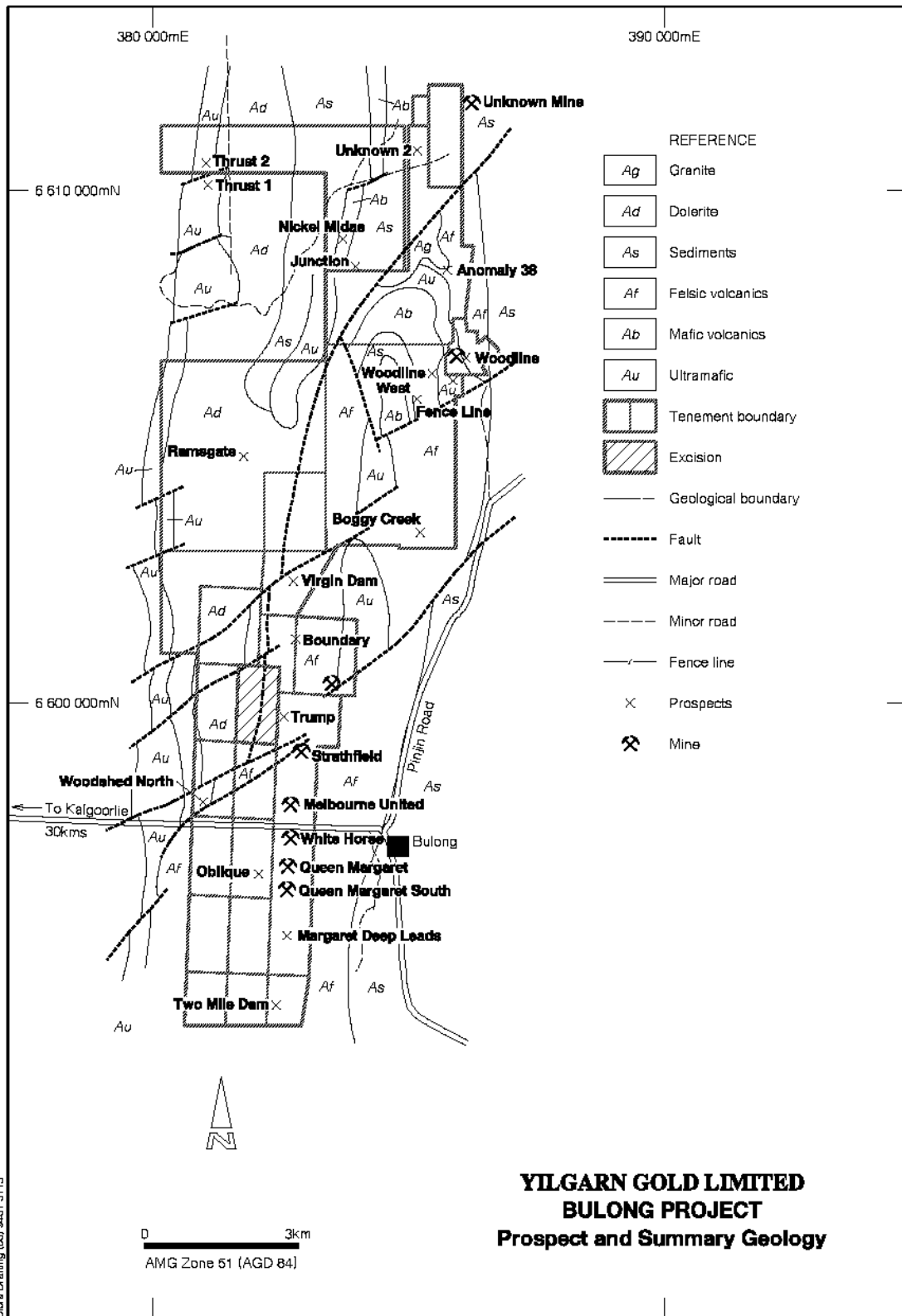
Yilgarn Gold Limited 100%

ML application is still pending.

YILGARN GOLD LIMITED

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.





TENEMENT SCHEDULE
31 March 2006

Project	Manager Operator	Tenement	Interest %
New Bulong JV <i>Western Australia</i>	Yilgarn Gold Ltd	M27/332*) Yilgarn Gold Limited (65%) Great Southern Mines NL (35%)
		E25/218	
		P25/1125-27	
		M25/193*	
		P25/1128-33	
		M25/181*	
		P25/1134-36	
		P25/1191	
		M25/192*	
		M25/303*	
		M25/83	
		P27/1312	
		M27/326*	
		E25/90	
		M25/249*	
M25/215*) Yilgarn Gold Ltd (100%)		
M25/24			
M25/129			
M25/91			
Browns Lagoon <i>Western Australia</i>	Yilgarn Gold Ltd	P24/3595-98) Great Southern Mines NL (100%)
		M24/858*	
Foley Well JV <i>Western Australia</i>	Gutnick Resources NL	E31/405*) Great Southern Mines NL (100%)
		M31/327*	
		M31/328*	
		M31/377*	
Great Southern <i>Western Australia</i>	Yilgarn Gold Ltd	M77/729) Yilgarn Gold Limited (100%)
		M77/1014	
Goodenough <i>Western Australia</i>	Yilgarn Gold Ltd	M29/141	Resource Assets Pty Limited (100%)
		P 29/1309)
		P 29/1343) Yilgarn Gold Ltd (80%)
		P 29/1345)
		P 29/1387)
		M29/229*)
		M29/236*)
		P 29/1821-23*	Yilgarn Gold Ltd (100%)
		P 29/1817-20*	Yilgarn Gold Ltd (90%)
M29/183*	Yilgarn Gold Ltd (80%)		
Clinker Hill <i>Western Australia</i>	Yilgarn Gold Ltd	M26/766*	Great Southern Mines NL (100%)
Cowarna Rocks <i>Western Australia</i>	Yilgarn Gold Ltd	E28/1041	Yilgarn Gold Ltd (100%)

* Application Pending

NB Great Southern Mines NL & Resource Assets Pty Limited are wholly owned subsidiaries of Yilgarn Gold Limited.