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Australian Stock Exchange Limited
Company Announcements Office
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20 Bond Street
Sydney, NSW 2000

Yilgarn Commits to Combined 3D and 2D Seismic Programme in Service Contract 54, Offshore Philippines

Yilgarn Gold Limited (Yilgarn) is pleased to announce that Nido Petroleum Limited (Nido), as operator on behalf of the SC 54 Joint Venture (Joint Venture), has signed a contractually binding letter of intent (LOI) with Veritas Geophysical (Asia Pacific) Pte Ltd (Veritas) to shoot and process a significant 3D seismic survey over the SC 54 permit, offshore Palawan Island in the Philippines.

The 3D seismic survey area located in the prospective northern part of the contract area comprises over 650 km² of full-fold coverage and is due to commence acquisition in October 2006. In order to deliver best quality product from the acquisition a comprehensive state-of-the-art processing flow up to and including hybrid Pre-stack Depth Migration has been agreed as part of the LOI. Delivery of interim products to ensure rapid turnaround of the interpretation of the data has also been agreed.

Under its farm-in agreement with Nido signed on May 29, 2006, 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 on a 4:3 promoted basis (i.e paying 53.33% to earn 40%) to a cap of US\$3.2 million (Yilgarn's share). On completion of the seismic programme and technical evaluation of the seismic data, Yilgarn may proceed with the second drilling stage or exit the farm-in without any further obligation or interest.

Significantly, the LOI signed with Veritas enables Yilgarn to meet the first part of the SC 54 farm-in agreement commitments with Nido.

In addition, Nido, as operator on behalf of the Joint Venture, has signed a conditional LOI to acquire approximately 500km of additional 2D seismic data in SC 54 as part of a group shoot led by PNOG Exploration Corporation, the Philippines national oil company. The Palawan 2D group shoot will be managed by Veritas and is expected to commence in July 2006. This additional coverage in SC 54 is critical to tie-in the pre-existing well database and the proposed 3D coverage into the modern regional dataset that will be delivered from the group shoot.



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Yilgarn is also pleased to announce that Nido was successful in obtaining an amendment to the work programme on SC 54 with the Philippines Department of Energy. The drilling commitment phase in SC 54 was due to commence on 5 Feb 2007 and this has now been extended to 5 August 2007. This six month extension provides the Joint Venture with additional time required to fully interpret and integrate the results of the combined 2D and 3D seismic programmes up to a risked and ranked high-graded drill-ready prospect portfolio prior to having to commit to drilling a well in the contract area.

Attached is a copy of the press release issued by Nido in respect of the Veritas LOI.

For further information, contact

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**Nido Commits to Significant Seismic Programme in
Service Contract 54, Offshore Philippines**

Nido Petroleum Limited (**Nido**), in conjunction with our joint venture partner, Yilgarn Petroleum Philippines Pty Ltd (**Yilgarn**), is pleased to announce that it has awarded a significant 3D seismic survey over Service Contract 54 (**SC54**) to Viking Maritime, Inc. care of Veritas Geophysical (Asia Pacific) Pte Ltd (**Veritas**). Nido, as Operator through its Philippine-based subsidiary, signed a Letter of Intent (**LOI**) with Veritas for the use of its M/V Veritas Viking II 3D vessel to commence a 653km² 3D seismic acquisition in October 2006. Nido will now seek necessary government approvals and enter into formal contractual arrangements with Veritas.

The survey will be acquired using the latest solid streamer technology and state of the art acquisition and processing techniques.

The 653km² 3D survey provides coverage of three potential targets:

- (i) the Coron North Prospect
- (ii) an untested 120m, oil column at Coron-1
- (iii) a very large Miocene Pagasa turbidite lead.

This 3D survey represents the first 3D acquisition in the Palawan Basin in approximately 4 years since the PGS Malampaya survey.

Nido is also intending to acquire regional 2D seismic data in SC54 as part of a group shoot led by PNOG Exploration Corporation. The Palawan 2D group shoot will deploy Veritas' M/V Veritas Voyager, which is expected to be operating in the Philippines from July 2006.



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Mr Paul Quaife, Head of Exploration, said "The SC54 3D survey is Nido's first opportunity to investigate the deep water turbidite potential in this basin. We are delighted to partnering in this significant 3D survey with Veritas, who has had recent success in imaging similar turbidite plays from West Africa and is making available to us one of its flagship 3D vessels".

Earlier this year, Nido recognised the significant advantages to be gained by further enhancing its existing seismic database with a modern 2D and 3D regional acquisition employing the latest technology. With the support of the Philippine Department of Energy, Nido recently secured an amendment to SC54 to allow these surveys to take place in 2006, thereby ensuring even greater success in its exploratory drilling. By securing the 3D survey and pursuing an additional 2D survey, Nido will maintain its strong position in the Service Contract.

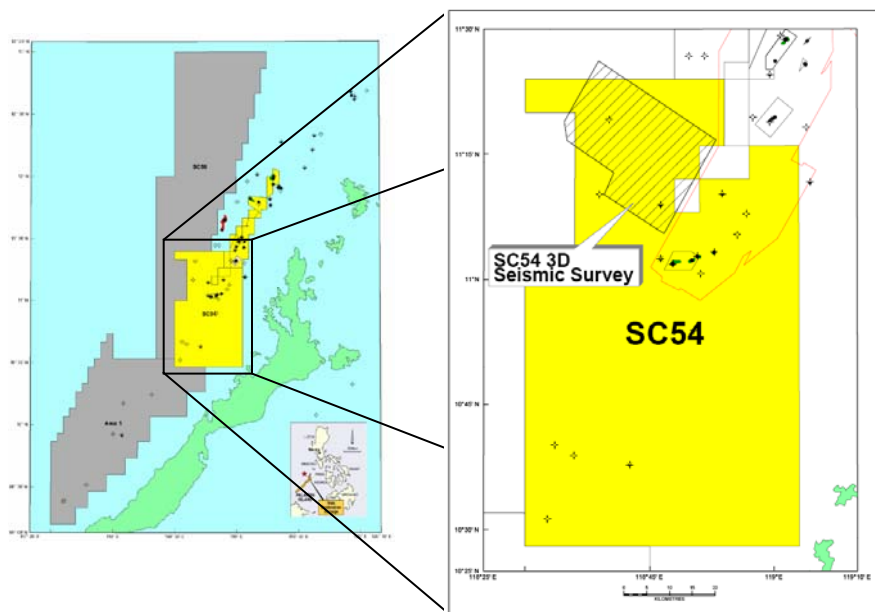
Mr Craig Martin, Chief Operating Officer, commented "The 3D seismic survey and the 2D survey will be Nido's first field operations in the Philippines since the new management team commenced. The Manila and Perth offices are working together to ensure a successful and safe operation. We are also proud to be playing a role in the resurgence of exploration activity in the Philippines this year".

For further information, contact:

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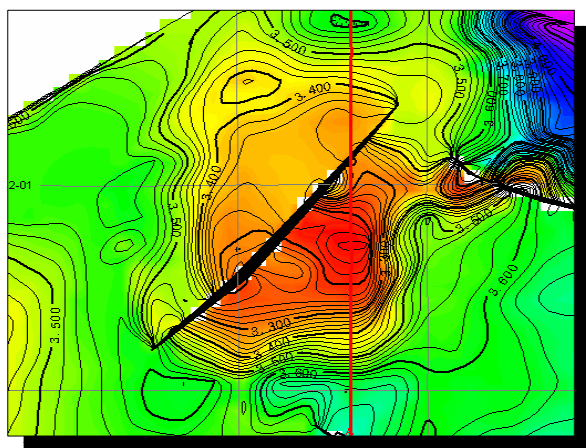
Service Contract 54, Philippines



KEY FACTS

- Location:** North West Palawan Basin, Philippines
- Size:** 537,616 hectares (1.33 million acres)
- Water Depth:** 30m – 2,000m
- Reservoir Types:** Miocene Age, Turbidite Sandstones & Platform/Pinnacle Reef Carbonates
- Seismic Coverage:** 2D 4,770 line km
3D 600 km²
- Work Commitment:** Aug 2005 – Feb 2006 G&G Complete
Feb 2006 – Aug 2007 2D-3D Seismic
Aug 2007 – Feb 2009 Exploration Well
- Discoveries, Prospects & Leads:** Coron North; Princessa; Signal Head; Guntao; Nido-1;
- Analogous Play Fairways:** Deepwater Sabah; Offshore Mauritania
- Nearby Field:** Malampaya Gas Field (Shell/Chevron-Texaco)
3.2 Tcf Gas/100 Million bbl oil

Coron North Prospect



	Nido	Yilgarn
Participating Interest	60.00%	40.00%