

QUARTERLY ACTIVITY REPORT

For the period ending 30 September 2006

Philippines Offshore Oil and Gas Farm-in (SC 54)

Yilgarn Gold Limited – 40% Participating Interest

During the quarter, the following progress occurred in respect of its Philippine oil and gas operations:

- Yilgarn announced that Nido, the operator, had executed a contract with Veritas to shoot and process a 3D seismic survey over the SC 54 permit. The 3D seismic survey area is located in the prospective northern part of the contract area and comprises 824 square kilometers of full-fold coverage, a 25% increase from the previously announced 653 square kilometers in order to help define additional leads identified on the block.

Veritas is using their flagship M/V Veritas Viking II 3D vessel which employs the latest solid streamer technology and state of the art acquisition and processing techniques up to an including hybrid - Pre-Stack Depth Migration. The Viking II is currently mobilising into the SC54 prospect area and acquisition of the seismic is due to start on Thursday 2 November 2006 and is expected to be completed by 30 November 2006.

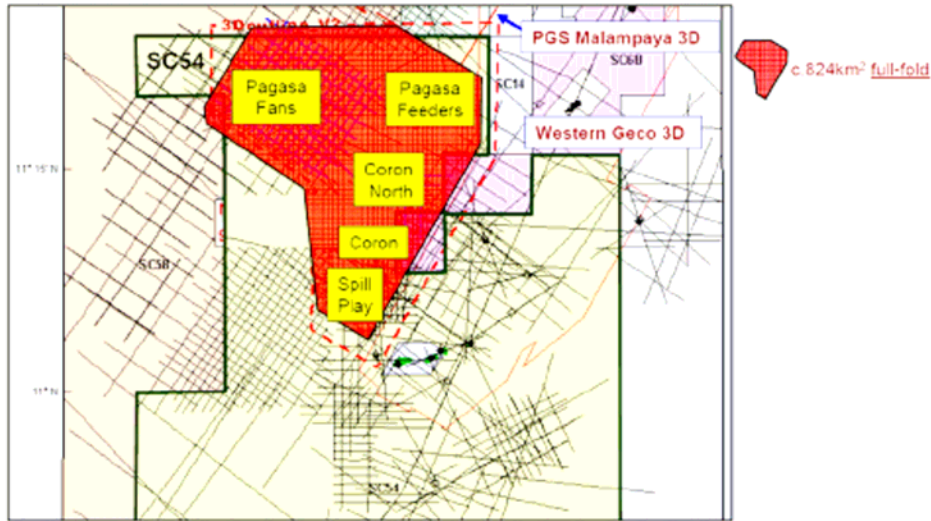
The delivery of interim products from the seismic will commence within two weeks from acquisition completion. This will help to ensure rapid and efficient turnaround of the interpretation leading to build of a risked and ranked high-graded Prospect Inventory which will commence from December 2006, being refined through the first quarter 2007 as additional processed products are delivered.

The 3D expanded coverage will deliver an enhanced prospect inventory which includes:

- Coron North - undrilled four-way Malampaya-style structure with reef build-up potential;
 - Deepwater Pagasa turbidite fairway (Princesa fan mound leads);
 - Coron-1 (previously drilled by Fletcher Challenge in 1993 with an untested 120m oil column);
 - Coron to Nido interpreted fill-spill chain; and
 - Pagasa turbidite feeder system.
- Acquired approximately 70km of 2D seismic coverage as part of a group shoot led by PNOC Exploration Corporation, the Philippines national oil company. The coverage acquired in SC 54 is critical to tie-in the pre-existing well database with the upcoming 3D coverage to provide regional context, in interpreting all SC 54 data into the regional grid that the group shoot will deliver.

Service Contract 54, Philippines

SC54 Final Agreed 3D coverage:
Full coverage over Coron North, Princessa turbidite and feeder system (Galoc-style play), Coron & Fill-spill chain to Nido



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
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, Gansao, Nido-1,
Analogous Play Fairways: Deepwater Sabah, Offshore Mauntana
Nearby Field: Malampaya Gas Field (Shell/Chvron-Texaco) 3.2 Tcf Gas/100 Million bbl oil

	Nido	Yilgarn
Participating Interest	60.00%	40.00%

New Bulong Project

Yilgarn Gold Limited 100%

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 continued with work concentrating around the Queen Margaret workings south of the Bulong road. Two hectares are completed at any one time to the satisfaction of the Dept of Industry and Resources Environmental Division before any further work is undertaken. This work aids in the clean up of the old historical mining which was not previously rehabilitated and being undertaken at no cost to the company.

No further exploration work was carried out during the quarter.

Queen Margaret

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 south of the vertical shaft. Due to rig commitments the 10 most northerly holes were not drilled and are planned for the future. Once those results are available the economics of the footwall lode can be determined.

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 in the current programme. Additional drilling will be required to evaluate the full near surface potential of this area.

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. Latest drilling tested the thickness of this cover up plunge at the northern part of the deposit.

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.

Goodenough Project

Yilgarn Gold Limited 100%

The Goodenough Project, M29/141 is situated 5km to the north east of the town of Menzies and can be accessed by a good unsealed road which is located on the eastern side of Menzies. The Goodenough mine has reported historic production of approximately 10,408oz of gold from underground workings. The main zone of gold mineralisation is found in the Lode Sequence which is situated between the hangingwall amphibolite and the footwall felsic schist. It is mainly a low angle shear zone dipping at 35 degrees to the south, consisting of quartz, pyrite and pyrrhotite with carbonaceous shales, cherts and sediments.

A number of approaches have been made to the company by other parties to farm-in to various areas held by Yilgarn in the Menzies project area. The Company continues to assess proposals.

Browns Lagoon

Yilgarn Gold Limited 100%

The Browns Lagoon project consists of four granted prospecting licences, P24/3595 – P24/3598 which cover an area of approximately 778 hectares. It is situated approximately 60km northwest of Kalgoorlie in the Broad Arrow Mineral Field, The Project contains a northwest trending Archaean sequence dominated by the Zuleika shear zone which extends the length of the package. To the east of the shear exists the volcanic sediments of the Black Flag group and the Kurrawang conglomerates. To the west of the Zuleika shear zone lay an ultramafic sequence which is bounded by a gabbroic unit along the northern section of the project

area. Gold deposits in the region are usually associated with the northwest trending Zuleika shear zone and associated cross cutting faults striking at 020 degrees.

The Company is considering various options for the future of the Browns Lagoon Project.

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.

No work was carried out during the quarter.

Golden Cliffs

Yilgarn Gold Limited 100%

Golden Cliffs Project is situated in the Laverton district approximately 33 km south west of Laverton. Mt. Margaret Mission lies 3 kilometres to the north east of the project and access which is good can be gained either via Laverton or through Mt Morgan's mine 11 kilometres to the northwest from the main Laverton Leonora road.

No work was carried out during the quarter.

Great Southern Project

Yilgarn Gold Limited 100%

Situated in the Forrestania district the Great Southern Project M77/729 & 1014 is located 150 kilometres south of Southern Cross on the Forrestania road and 13.5km south east of the "Four Ways Crossing" at Forrestania.

The project lies in the southern portion of the Southern Cross Province of the Archaean Yilgarn Craton. To the west of the property lies the eastern boundary of the Forrestania greenstone belt, which is known for its ridges of banded iron formation (Iron Cap). It is located in an east south east trending shear zone which is hosted in altered granites. Limited drilling was completed in 1987.

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

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%

The Clinker Hill project comprises a Mining Lease Application, MLA26/766, located 25km southeast of Kalgoorlie within the Norseman-Wiluna greenstone belt adjacent to the Golden Ridge Mining Centre and the Mount Monger Fault. This prospective area requires further systematic evaluation of structural targets associated with the Mount Monger Fault. Until the mining lease is granted no field work can be carried out.

TENEMENT SCHEDULE
30 September 2006

Project	Manager Operator	Tenement	Interest %
New Bulong JV <i>Western Australia</i>	Yilgarn Gold Ltd	M27/332*)
		E25/218)
		P25/1125-27)
		M25/193*)
		P25/1128-33)
		M25/181*) Yilgarn Gold Limited (65%)
		P25/1134-36) Great Southern Mines NL (35%)
		P25/1191)
		M25/192*)
		M25/303*)
		M25/83)
		P27/1312)
		M27/326*)
		E25/90)
		M25/249*)
		M25/215*)
		M25/24) Yilgarn Gold Ltd (100%)
M25/129)		
M25/91)		
P25/1788)		
Browns Lagoon <i>Western Australia</i>	Yilgarn Gold Ltd	P24/3595-98 M24/858*) Great Southern Mines NL (100%)
Foley Well JV <i>Western Australia</i>	Gutnick Resources NL	E31/405* M31/327* M31/328* M31/377*) Great Southern Mines NL (100%)
Great Southern <i>Western Australia</i>	Yilgarn Gold Ltd	M77/729 M77/1014) Yilgarn Gold Limited (100%)
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.