

Yilgarn Gold Limited

ABN 34 002 527 906

Notice of General Meeting

Explanatory Statement

and

Proxy Form

YILGARN GOLD LIMITED

ABN 34 002 527 906

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of members of Yilgarn Gold Limited (**Yilgarn** or the **Company**) will be held on Tuesday, 4th September 2007 commencing at 11.00am at the Holiday Inn City Centre, 788 Hay Street, Perth, WA.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matter to be considered as Special Business.

AGENDA

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolution:

1. Re-election of Director (Mr C Swarbrick)

“That Mr Chris Swarbrick having been appointed by the directors until this general meeting in accordance with the Constitution of the Company and, having offered himself for re-election and being eligible, is re-elected a director of the Company.”

2. Re-election of Director (Ms R Jefferies)

“That Ms Rae Jefferies, having been appointed by the directors until this general meeting in accordance with the Constitution of the Company and, having offered herself for re-election and being eligible, is re-elected a director of the Company.”

3. Issue of Incentive Options to Chris Swarbrick

“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of:

*1,250,000 Tranche A Incentive Options; and
1,500,000 Tranche B Incentive Options,*

by way of remuneration to Mr Chris Swarbrick or nominee on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of General Meeting.”

<p>For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>
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4. Issue of Incentive Options to Rae Jefferies

“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of:

*1,250,000 Tranche A Incentive Options; and
1,250,000 Tranche B Incentive Options,*

by way of remuneration to Ms Rae Jefferies or nominee on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of General Meeting.”

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Issue of Incentive Options to Key Consultants

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the directors be authorised to grant a total of 2,150,000 Tranche C Incentive Options to Consultants, Employees or their nominees as set out in the Explanatory Statement, (such Incentive Options to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting).”

The Company will disregard any votes cast on this resolution by or on behalf of consultants that may participate in the proposed issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Ratification of Placement - 29 June 2007

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue and allotment of 40,500,000 fully paid ordinary shares, at an issue price of 17 cents per share, to institutional and other exempt investors.

The Company will disregard any votes cast on this resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

To consider and, if thought fit, to pass the following resolution as a special resolution:

7. Change of Name to Kairiki Energy Limited

“That, subject to approval of the ASIC and with effect from the time at which the ASIC issues a certificate of registration on change of name, the name of Yilgarn Gold Limited be changed to “Kairiki Energy Limited” pursuant to section 157 of the Corporations Act.”

For the purposes of determining voting entitlements at the general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 11.00am on 2nd September 2007. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

By Order of the Board

Neville Bassett
Company Secretary
17 JULY 2007

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Yilgarn Gold Limited in connection with the Special Business to be conducted at the general meeting of members to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, WA on Tuesday, 4th September 2007 at 11.00am.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

Shareholders should note that all the directors approved the proposal to put the resolutions to shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.

ASX Limited ("ASX") Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of Yilgarn is required to an issue of equity securities if the securities will, when aggregated with the securities issued by Yilgarn during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The number of securities to be issued by the Company under proposed resolutions 3 to 5 will exceed 15% and accordingly shareholder approval is sought for the placements.

The information required by ASX Listing Rules 7.1 and 7.3 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

The issue and allotment of Shares outlined in resolution 6 did not exceed the 15% limit, however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies an issue of equity securities the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation.

Shareholder approval is sought so as to refresh Yilgarn's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

The information required by ASX Listing Rules 7.1 and 7.5 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

ASX Listing Rule 10.11 relevantly provides that the prior approval of shareholders of Yilgarn is required for the issue of equity securities to a related party. If approval is given for the issue of securities under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting. The company is seeking shareholder approval to the proposed allotment to related parties pursuant to resolutions 3 and 4.

Corporations Act Requirements

Chapter 2E of the Corporations Act ("the Act") prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

Mr C Swarbrick and Ms R Jefferies, (parties to which resolutions 3 and 4 relate) are considered "related parties" for this purpose, whilst the issue of Incentive Options to them constitutes a "financial benefit" for this purpose.

The information required by Chapter 2E of the Act to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

2. RE-ELECTION OF DIRECTORS (Resolutions 1 and 2)

In accordance with the requirements of the Company's Constitution and the Corporations Act, Directors who have been appointed since the last annual general meeting must retire and, being eligible, offer themselves for election.

Details of directors' qualifications and experience are detailed below.

Chris Swarbrick

Chris Swarbrick is a petroleum geologist with over 38 years international oil and gas industry experience. He recently retired from Chevron after more than 30 years with ChevronTexaco and Texaco. He has held senior exploration management positions and directorships with ChevronTexaco and Texaco in several parts of the world, most recently as Exploration Manager in Kazakhstan and Senior Exploration Advisor/Acting Exploration Manager in Perth. Chris has been involved in the discovery of several significant oil and gas fields including Jansz and other major gas fields in the Greater Gorgon area of NW Australia.

Chris has a M.Sc. degree in Petroleum Geology from Imperial College, London and is a member of the American Association of Petroleum Geologists (AAPG) and the Petroleum Exploration Society of Australia (PESA).

Rae Jefferies

Rae Jefferies has over 25 years international oil and gas experience as a Reservoir Engineer, specialising in field development planning, reservoir management and optimisation.

From 1981 to 1991 Rae worked for Mobil and Conoco on major UK oil and gas fields in operational and development roles. In 1991 she settled in Australia as an independent reservoir engineering consultant. Since then she has conducted numerous field assessments ranging from small onshore to major offshore deepwater developments in the UK, USA, Australasia and Africa.

Rae has also advised on development feasibility and optimisation projects for Shell, Woodside, Chevron, Mobil, Apache and local Perth independents. She has also lectured in Reservoir Engineering for the University of Western Australia.

3. ISSUE OF INCENTIVE OPTIONS TO DIRECTORS (Resolutions 3 and 4)

3.1 Purpose of Issue of Incentive Options

The purpose of the issue is to remunerate the specified directors, or their nominees as an incentive for future services. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide the directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

Issue of options as part of the remuneration packages of directors and key consultants is a well established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding directors and consultants.

In determining the number of securities to be issued and the terms, consideration was given to the relevant experience and role of each of the directors, their respective overall remuneration terms, the market price of the Company's shares for the 3 months preceding the date of their appointment, and the terms of the options. Mr Swarbrick and Ms Jefferies were appointed directors on 12 January 2007 when the share price the preceding day closed at 11.5 cents.

The securities will be issued for no cash consideration. The Incentive Options will be issued on the terms and conditions set out in Annexures "A" and "B" to this Explanatory Statement.

The proposed related party participants in the issue of Incentive Options and the number of Incentive Options to be issued are as detailed in section 3.2 and 3.3.

3.2 Issue of Incentive Options to Mr Chris Swarbrick

The company seeks approval for the issue to Mr Chris Swarbrick or his nominee, the following free Incentive Options:

- 1,250,000 Tranche A Incentive Options; and
- 1,500,000 Tranche B Incentive Options.

The Incentive Options proposed to be issued to Mr Swarbrick or his nominee, are not listed and are non-transferable.

3.3 Issue of Incentive Options to Ms Rae Jefferies

The company seeks approval for the issue to Ms Rae Jefferies or her nominee, the following free Incentive Options:

- 1,250,000 Tranche A Incentive Options; and
- 1,250,000 Tranche B Incentive Options.

The Incentive Options proposed to be issued to Ms Jefferies are not listed and are non transferable.

3.4 Other Information

The Incentive Options referred to in resolutions 3 and 4 will be issued free of charge and within one month after the date of this meeting to the nominated Directors.

In accordance with section 219 of the Act (and, in satisfaction of the information requirements of ASX Listing Rule 10.13), the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass resolutions 3 and 4:

- (a) Mr Swarbrick and Ms Jefferies, are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are a related party to the Company by virtue of section 228 of the Act.
- (b) The nature of the financial benefit to be given to the related parties is the allotment of the Incentive Options free of charge on the terms and conditions set out in Annexures "A" and "B".

On the basis of the indicative option value, as detailed herein, the value of options proposed to be issued to the related parties, is as follows:

Director	Option Type	Number of Options	Indicative Value \$
Chris Swarbrick	Tranche A Incentive	1,250,000	165,000
	Tranche B Incentive	1,500,000	195,000
			360,000
Rae Jefferies	Tranche A Incentive	1,250,000	165,000
	Tranche B Incentive	1,250,000	162,500
			327,500

The options are unlisted and non transferable. The options must be exercised by their respective expiry dates, after which date such options automatically lapse.

The Company announced the proposal to issue the Incentive Options to Mr Swarbrick and Ms Jefferies at the date of their appointment on 12 January 2007. The issue of the Incentive Options was subject to shareholder approval at the next general meeting of the Company. If the value of the options was determined as at 12 January 2007, the date the directors were appointed, using applicable variables at that time the indicative value of the options would have been:

Director	Option Type	Number of Options	Indicative Value \$
Chris Swarbrick	Tranche A Incentive	1,250,000	53,750
	Tranche B Incentive	1,500,000	69,000
			<u>122,750</u>
Rae Jefferies	Tranche A Incentive	1,250,000	53,750
	Tranche B Incentive	1,250,000	57,500
			<u>111,250</u>

- (c) The director's remuneration paid or payable for Mr Swarbrick and Ms Jefferies from the date of their appointment thought to 30 June 2007 is as follows:

Director	Position	Remuneration \$
Chris Swarbrick	Non-Executive Chairman	55,689
Rae Jefferies	Non-Executive Director	15,000

Mr Swarbrick and Ms Jefferies earn \$54,000 and \$36,000 respectively for director fees. In addition, they have consulting contracts with the Company for which they are paid at commercial rates in excess of a certain number of days allocated for board related matters. The Company is unable to make an estimation of the total annual remuneration that Mr Swarbrick and Ms Jefferies will receive in the next financial year as the number of days they work per month will vary from month to month. The Company believes it is unable to use the number of days worked since the date of appointment as a reliable estimation of the number of days that may be work in the next financial year.

- (d) Excluding any options proposed to be allotted to the related parties pursuant to proposed resolutions 3 and 4, Mr Swarbrick and Ms Jefferies have a relevant interest in the securities set out below:

Name	Shares	Options
Chris Swarbrick	-	-
Rae Jefferies	-	-

- (e) Mr Swarbrick and Ms Jefferies do not wish to make any recommendation to members in their capacity as directors of the Company in relation to proposed resolutions 3 and 4 because of their interest in the proposed grant of Incentive Options.
- (f) There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass resolutions 3 and 4, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities in the Company). The Directors note that ASX Corporate Governance Principles and Recommendations state that non-executive directors should not be granted options or bonus payments as part of their remuneration package. Ultimately, shareholders will make that determination, but the Directors reiterate that options (for both executive and non-executive directors) are a cost

effective benefit for small companies that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price.

Potential Benefits

If the options are issued pursuant to the proposed resolutions, the Company considers the following benefits arise:

- Mr Swarbrick and Ms Jefferies will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure the market price of the shares of the Company increases to create value in the options and this will benefit all shareholders.
- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the options will provide working capital for the company at no significant cost. If all the options proposed to be issued pursuant to resolutions 3 and 4 are ultimately exercised, an amount of \$633,750 would be raised.

Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 5,250,000 Incentive Options pursuant to resolutions 3 and 4 is that there will be a dilution of the issued share capital if the Incentive Options are exercised. Based on 314,720,368 Shares currently on issue, the exercise of the proposed options to related parties would have a dilution effect of approximately 1.7% of non-associated shareholders interest in the company.

If the other existing options on issue held by third parties were also to be exercised, the dilution effect would be significantly smaller. There are currently on issue, 176,600,000 options exercisable at 5 cents each on or before 31 December 2008, 10,000,000 options exercisable at 7 cents each on or before 30 June 2008, 5,000,000 options exercisable at 10 cents each on or before 30 June 2009 and 5,000,000 options exercisable at 12 cents each on or before 30 June 2009.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of options other than, if the options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

Indicative Value of Incentive Options

The value of Incentive Options to be issued has been calculated using the Binomial Option Pricing Model ("the Binomial Model"). The value of an option calculated by the Binomial Model is a function of a number of variables. The indicative value of the Incentive Options has been prepared using the following variables:

	Tranche A	Tranche B
Valuation Date	6 July 2007	6 July 2007
Expiry Date	6 July 2009	6 July 2010
Underlying Share Price	\$0.21	\$0.21
Exercise Price	\$0.105	\$0.135
Vesting Date	6 July 2008	6 July 2009
Expected Life	21 months	33 months
Risk Free Rate	6.34%	6.34%
Volatility	76.16%	73.46%

The underlying share price of 21.0 cents is based on the closing price of the shares on 6 July 2007.

Based on the above variables the indicative value of the Incentive options proposed to be issued to related parties is as detailed in (b) above.

The Company's Shares are listed for quotation on ASX. Over the last twelve months the trading history of the shares has been as follows:

	Shares	
	Date	Price
Low	17/11/06	8.5¢
High	26/6/07	27.0¢
Latest Available Price	16/7/07	20.5¢

Director's Recommendation

The Directors of the Company (with the exception of Mr Swarbrick and Ms Jefferies who have an interest in the outcome of resolutions 3 and 4 and therefore do not consider themselves justified in making a recommendation) recommend to members that they vote in favour of resolutions 3 and 4 for the reasons as outlined in this Explanatory Statement.

ASX Requirements

In compliance with the information requirements of ASX Listing Rule 10.13 members are advised of the following particulars in relation to the proposed issue of options under resolutions 3 and 4:

(a) Maximum number of options to be issued:

2,500,000 Tranche A Incentive Options
2,750,000 Tranche B Incentive Options

(b) Date by which the Company will issue options:

No later than one month after the date of the meeting.

(c) Price at which options to be issued:

The options are being issued to remunerate the specified directors as an incentive for future services.

(d) Names of the allottees:

Chris Swarbrick and Rae Jefferies (refer Section 3.2 and 3.3).

(e) Terms of issue:

The Options will be issued on the terms and conditions as outlined in Appendix "A" and "B".

(f) Intended use of funds raised:

The options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for future services.

(g) Dates of allotment:

Allotment will occur on one date.

4. PROPOSED GRANT OF OPTIONS TO KEY CONSULTANTS (Resolution 5)

Resolution 5 of the Notice of General Meeting proposes the grant of up to 2,150,000 Tranche C Incentive Options to selected consultants, employees or their nominees.

Yilgarn has two oil and gas consultants located in its Perth office and one in its Philippine office. Patrick Boss acts as the Company's exploration manager in Perth and Paul Owen performs the role of

a Senior Explorationist. Yilgarn considers these consultants to be key contributors in progressing the Company's joint venture project interests and new business opportunities. In addition, the Company has a consultant in the Philippines, Robert Goold, who assists in managing the Company's Philippines activities.

The Company entered into contracts with the consultants in March 2007 which set the terms of the options, subject to shareholder approval.

The Incentive Options will be issued for no consideration. No directors or their associates will participate in the allotment of Incentive Options approved under Resolution 5.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of options:

(a) Maximum number of options to be issued:

2,150,000 Tranche C Incentive Options

(b) Date by which the Company will issue options:

No later than three months after the date of the meeting.

(c) Price at which options to be issued:

The options are being issued free as an incentive for work to be performed for the Company.

(d) Names of the allottees:

Selected consultants or employees of the company or their nominee.

(e) Terms of issue:

The Options will be issued on the terms and conditions as outlined in Appendix "C".

(f) Intended use of funds raised:

The options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for work done for the Company.

(g) Dates of allotment:

Allotment will occur progressively.

5. RATIFICATION OF PLACEMENT – 29 JUNE 2007 (Resolution 6)

Resolution 1 of the Notice of General Meeting proposes the ratification for the issue and allotment of 40,500,000 Shares, thereby satisfying the requirements of ASX Listing Rule 7.4.

On 20 June 2007 the Company announced that it had reached agreement to place up to 40,500,000 ordinary fully paid shares at \$0.17 per share to raise \$6,885,000 before expenses, to a number of institutional and other exempt investors.

The allotment and issue of Shares was completed on 29 June 2007.

In compliance with the information requirements of ASX Listing Rule 7.5 members are advised of the following particulars in relation to the placement:

(a) Number of securities allotted:

40,500,000 Shares.

(b) Price at which the securities were issued:

17 cents per Share.

(c) Terms of the securities:

The Shares rank equally in all respects with the existing Shares on issue.

(d) Basis on which allottees were determined:

The shares were issued to a number of institutional and other exempt investors, pursuant to section 708 of the Corporations Act.

No related party participated in the allotment of Shares.

(e) Intended use of funds raised:

The fund raised (\$6,885,000 before expenses of issue) will be used for oil and gas operations, new ventures and working capital.

6. CHANGE OF NAME TO KAIRIKI ENERGY LIMITED (Resolution 7)

The past year has been one of transition for the Company. In particular, the composition of the Board and management has changed and the main focus of the company has been on its oil and gas operations, with the Company actively pursuing a farm-out of its mineral interests.

The Directors believe that the proposed name better reflects the main business undertaking of the Company and that a new name is appropriate as the Company looks forward to the future and are therefore proposing to change the name of the Company to Kairiki Energy Limited in accordance with section 157(1) of the Corporations Act.

Resolution 7 is a special resolution and requires the approval of 75% of the votes cast by shareholders.

7. DEFINITIONS

ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited.
ASX Listing Rules	means the official listing rules of ASX.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Incentive Option	means a Tranche A Incentive Option, Tranche B Incentive Option or Tranche C Incentive Option, individually or in combination, as the circumstance requires.
Tranche A Incentive Option	means an option to acquire a Share at an exercise price of \$0.105 per share expiring 2 years from date of issue and otherwise on the terms and conditions as outlined in Appendix "A".
Tranche B Incentive Option	means an option to acquire a Share at an exercise price of \$0.135 per share expiring 3 years from date of issue and otherwise on the terms and conditions as outlined in Appendix "B".

Tranche C Incentive Option	means an option to acquire a Share at an exercise price of \$0.115 per share expiring 2 years from date of issue and otherwise on the terms and conditions as outlined in Appendix "C".
Yilgarn or the Company	means Yilgarn Gold Limited (ABN 34 002 527 906)
Share	means a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.

APPENDIX "A"

Terms and Conditions of Tranche A Incentive Options

The terms and conditions of the Tranche A Incentive Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the company.
- (b) The options are exercisable at 10.5 cents each.
- (c) The options will expire 2 years from the date of issue (the "**Expiry Date**").
- (d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The options are non transferable.
- (f) Should the option holder cease to be a director of the Company for whatever reason during the vesting period then the Options will automatically be extinguished and the option holder will have no further rights in relation to the Options.
- (g) An option that has not lapsed may be exercised at any time after 12 months from the date of issue. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the Options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of each Option and payment to the Company of the Exercise Price.
- (h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (k) There is no right to a change in the exercise price of the options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

APPENDIX "B"

Terms and Conditions of Tranche B Incentive Options

The terms and conditions of the Tranche B Incentive Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the company.
- (b) The options are exercisable at 13.5 cents each.
- (c) The options will expire 3 years from the date of issue (the "**Expiry Date**").
- (d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The options are non transferable.
- (f) Should the option holder cease to be a director of the Company for whatever reason during the vesting period then the Options will automatically be extinguished and the option holder will have no further rights in relation to the Options.
- (g) An option that has not lapsed may be exercised at any time after 24 months from the date of issue. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the Options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (k) There is no right to a change in the exercise price of the options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

APPENDIX "C"

Terms and Conditions of Tranche C Incentive Options

The terms and conditions of the Tranche C Incentive Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the company.
- (b) The options are exercisable at 11.5 cents each.
- (c) The options will expire 2 years from the date of issue (the "**Expiry Date**").
- (d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The options are non transferable.
- (f) Should the option holder leave the employ or cease to be a consultant of the Company for whatever reason during the vesting period then the Options will automatically be extinguished and the option holder will have no further rights in relation to the Options.
- (g) An option that has not lapsed may be exercised at any time after 12 months from the date of issue. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the Options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (k) There is no right to a change in the exercise price of the options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

Proxy Form

The Secretary
Yilgarn Gold Limited
Suite 3, Churchill Court
331 - 355 Hay Street
Subiaco WA 6008

I/We (full name)

of _____

being a member(s) of Yilgarn Gold Limited, hereby appoint as my/our proxy

of _____

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 11.00am on 4th September, 2007 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

The Chairman intends to vote all undirected proxies in favour of the resolutions, except with resolution 3 and 4. The Corporations Act does not allow the Chairman to vote undirected proxies in case of resolution 3 and 4.

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Re-Election of Director – C Swarbrick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director – R Jefferies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Incentive Options – C Swarbrick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Incentive Options – R Jefferies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Incentive Options – Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Change of Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the member is an individual or joint holder:

Usual Signature

Usual Signature

Dated this _____ day of

2007

If the member is a Company:

Signed in accordance with the
Constitution of the company
the presence of:

Director/Sole Director

Director/Secretary

Sole Director and Sole Secretary

Dated this _____ day of 2007

INSTRUCTIONS AS TO VOTING

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to the resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (Suite 3, Churchill Court, 331-335 Hay Street, Subiaco, WA 6008) or sent by facsimile to that office on Fax: 08 9388 6744 to be received not less than 48 hours prior to the time of the meeting.
5. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.