

QUARTERLY ACTIVITY REPORT

For the period ending 31 March 2007

Highlights

- Completed SC 54 Abukay 3D seismic survey in SC 54
- Preliminary evaluation of seismic results identify over 20 potential targets identified in SC 54
- Appointed a senior oil and gas exploration geologist to augment our exploration and development skillsets
- Actively commenced process to farm-out Mineral assets

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 our Philippine oil and gas operations:

A 3D seismic survey (Abukay 3D) totalling 640km² completed acquisition on 7th January 2007 providing 3D coverage over the key deepwater prospects and leads identified in SC 54. These are as follows:

- 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.

Processing of the 640km² survey area commenced in mid January 2007 with the SC54 joint venture taking delivery of a preliminary fast-track 3D volume on 29th January 2007 enabling an early start to its evaluation whilst more refined higher resolution processing is ongoing.

Two areas of SC 54 are currently under evaluation:

- The Abukay 3D seismic area located in the western sector of the block where the water depth ranges between 15 metres and 600 metres. The primary focus is the evaluation of the key high volume potential targets, Coron North structure and the 'Princesa' fan mound stratigraphic play. A number of new Nido Limestone and Miocene-aged 'Pagasa' Turbidite features not previously seen on the existing 2D seismic have also been identified.
- The 1996 TQ3D covering the shallow water areas (typically less than 100 metres) around the producing Nido oil field. This work is focused on developing new opportunities within the established productive Nido Limestone play. Work to date has identified two significant trends of Nido reefal build-up which are being investigated further.

Abukay 3D Seismic Area

Yilgarn is encouraged to report that the ongoing interpretation of the fast-track 3D seismic volume has continued to provide greater definition of the principal targets of Coron North and the 'Princesa' Turbidite play.

Coron North is confirmed as a robust structural closure at Top Nido level with a closure area of approximately 14.5 km². The high quality imaging provided by the 3D seismic is expected to provide critical information on the Nido Limestone reservoir model and expected resource volumes.

Although considerable further technical and commercial analysis remains to be completed before Coron North is considered mature for drilling, Yilgarn is very encouraged by the robustness and potential scale of the structure even at this early stage of evaluation.

The 3D seismic has also delivered greater geological context for the 'Princesa' fan play, which supports the initial geological model of Miocene-aged clastics around the flanks of the Princesa high. Detailed analysis of the reservoir architecture within the Princesa sequence will be integrated with the additional 180 km² of 3D seismic over the northern area of the play planned to be acquired in 3rd Quarter 2007.

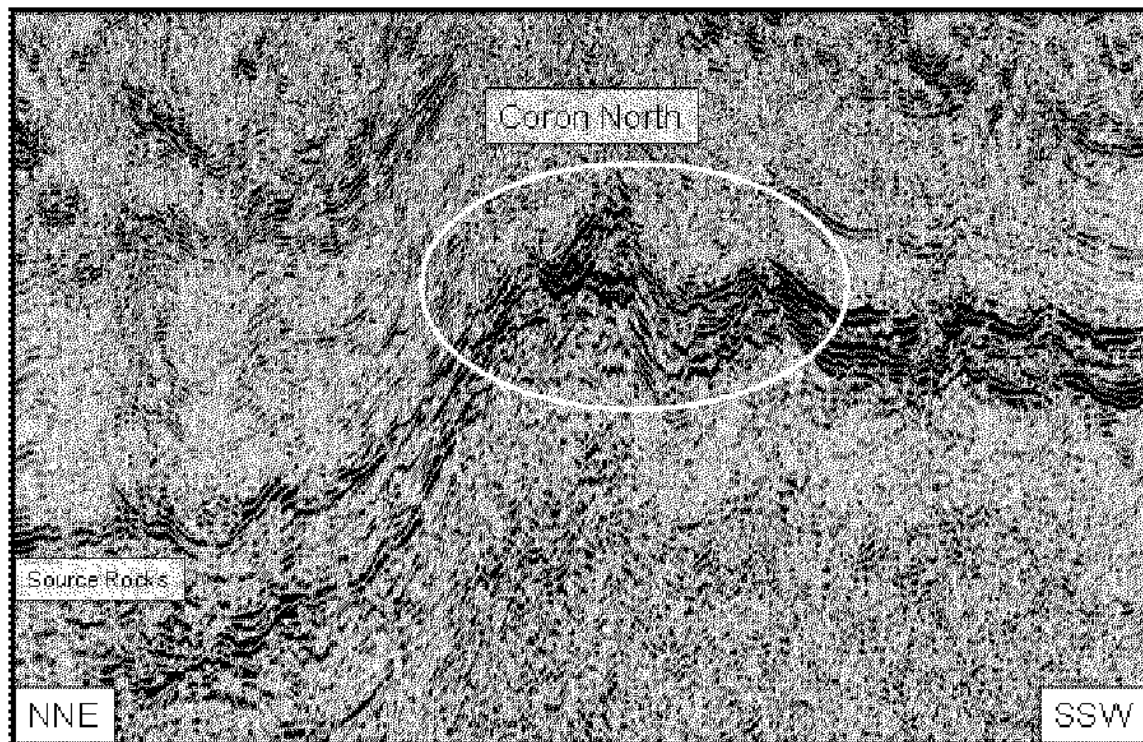
In addition, the Abukay 3D seismic data has uncovered two not previously identified structural leads at Top Nido level to the west of the Coron North structure, and a new stratigraphic play fairway within the overlying Miocene-aged 'Pagasa'/Batas' sequence. The 'Pagasa'/Batas' play comprises a complex series of turbidite channels which are clearly visible on the 3D seismic data, and offers previously unrecognised stratigraphic trap potential within SC 54 with substantial upside.

Shallow Water Evaluation

The SC 54 Joint Venture's strategy is to evaluate the shallow water area of SC 54 for undrilled Nido Limestone pinnacle reef plays which have the potential to allow reserves as small as 2-3 million barrels to be economically developed and rapidly commercialised using proven, low-cost development techniques.

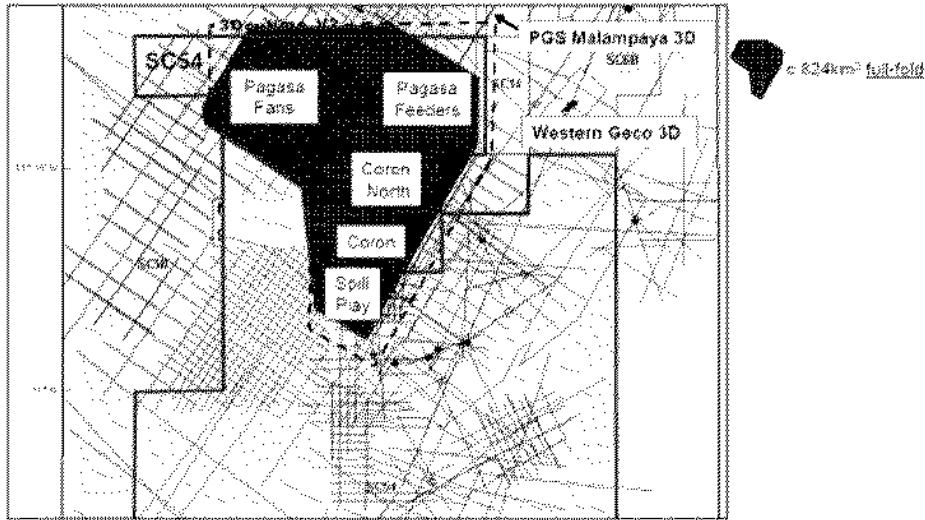
Evaluation is ongoing but Initial interpretation based on the pre-existing 1996 TQ 3D seismic data set has identified in excess of 20 pinnacle reef structures over two trends in the vicinity of the producing Nido oil field and Guntao area of SC 54. This reef trend is of particular interest given proximity to the producing Nido field.

Further technical, engineering and commercial work is planned over the next few months to determine the viability of these reef trends as candidates for early exploitation.



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: 537 515 hectares (13 million acres)
Water Depth: 300 – 2 000m
Reservoir Types: Miocene Age Turbidite Sandstones & Platform/Pinnacle Reef Carbonates
Work Commitment: Aug 2005 – Feb 2006 98% Complete
 Feb 2006 – Aug 2007 2D-3D Seismic
 Aug 2007 – Feb 2009 Exploration Well
Discoveries, Prospects & Leads: Coron North, Princessa, Signal Head, Guevarra, Nido-1
Analogous Play Pathways (Exploration Success): Offshore Mindanao
Nearby Field: Malampaya Gas Field
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Participating Interest	50.00%	40.00%
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Summary

Although evaluation of the shallow and deep water potential of SC 54 is ongoing Yilgarn is encouraged to report, even at this early stage, that a broad portfolio of potential targets covering both carbonate and sandstone plays is emerging in SC 54 spanning water depths ranging across the permit from less than 15 metres to over 600 metres.

Yilgarn looks forward to reporting as the evaluation matures.

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. 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.

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.

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.

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.

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.

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
31 March 2007

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			
		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.