



## QUARTERLY ACTIVITY REPORT

For the period ending 30 June 2007

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### Corporate Summary

#### Change of Name

The company issued a notice of general meeting on 26 July 2007 to amongst other things change the name of the company to Kairiki Energy Limited. The change of name will be subject to shareholder approval on 4<sup>th</sup> September 2007.

#### Capital Raising

On 29 June 2007 the company raised \$6,885,000 before expenses by issuing 40,500,000 ordinary fully paid shares at \$0.17 per share. The funds raised will be used by the Company to fund its oil and gas operations, new ventures and working capital.

#### New Ventures

The company is actively pursuing a range of growth opportunities. Yilgarn has entered into discussions and negotiations with various parties on the possible acquisition of farm-in opportunities. While some of these negotiations are at advanced stages, negotiations are ongoing and no agreements have been concluded.

### Philippines Offshore Oil and Gas Permit (SC 54)

#### 40% Participating Interest

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

- Yilgarn notified the operator of SC 54, Nido Petroleum Limited, of its decision to enter the next phase of SC 54's work programme which covers a period of 18 months from 5 August 2007 to 4 February 2009 and obligates the joint venture to drill an exploration well at a minimum cost of US\$6m and to undertake geological and geophysical studies to the amount of US\$100,000.
- Yilgarn has been assigned a 40% interest in SC 54 by virtue of it completing its seismic commitment funding for the period ending 4 August 2007 and committing to enter the next phase of the work programme.
- On 10 May 2007 the Operator, Nido Petroleum Limited, provided an update on the ongoing exploration programme in SC 54:
  - **I. Coron North Prospect**  
The 3D seismic interpretation has confirmed the presence of Coron North as a strong drilling opportunity. Oil-in-place volumes for Coron North are estimated at up to 450 million barrels based on a closure area of almost 15km<sup>2</sup> and reservoir quality from nearby wells.
  - **II. Princesa Lead**  
The 3D seismic data has confirmed the presence of the Pagasa turbidite play in the western part of SC 54, manifest as a number of large, areally extensive lobate geometries with seismic facies consistent with fan deposition. An additional 180km<sup>2</sup> 3D seismic programme is scheduled for the third quarter or early fourth quarter of 2007 to determine the fuller extent of this play, particularly the Princesa Lead.

○ **III. New Leads**

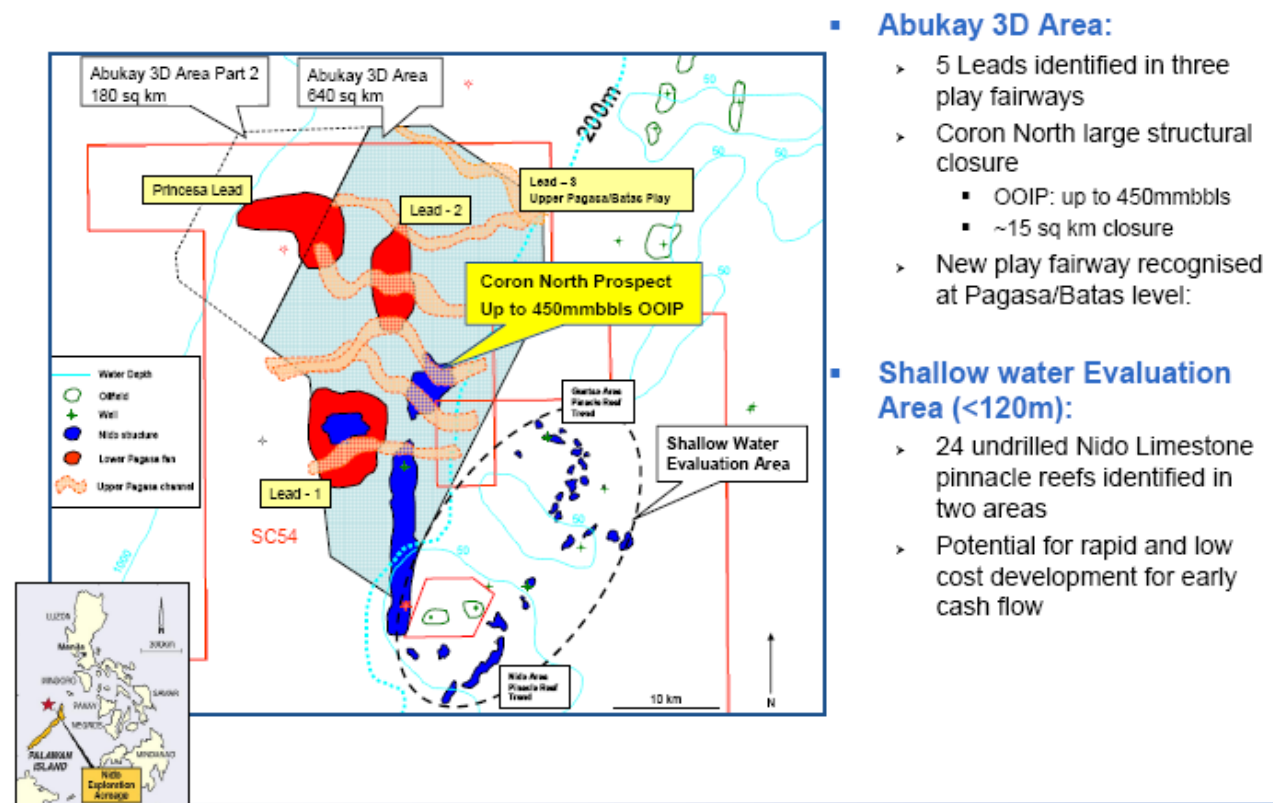
The high quality 3D seismic has also uncovered a number of new leads similar to both the Coron North prospect and the Princesa Lead, providing encouraging greater portfolio depth and enhanced upside potential within SC 54.

○ **IV. Multiple Shallow Water Targets**

Initial interpretation of the eastern portion of the permit has identified 24 pinnacle reef structures in less than 120 metres water depth, covered by Nido's pre-existing 3D seismic data. This reef trend is of particular interest given its proximity and similarity to the producing Nido oil fields which affords them a very low risk profile.

These pinnacle reef structures are potential candidates for rapid exploitation given the lower drilling and development costs afforded by the shallow water depths. Detailed technical and engineering work will be conducted over the coming months to more fully determine the commerciality of these features.

**SC 54 Prospects and Leads**



■ **Abukay 3D Area:**

- 5 Leads identified in three play fairways
- Coron North large structural closure
  - OOIP: up to 450mmbbls
  - ~15 sq km closure
- New play fairway recognised at Pagasa/Batas level:

■ **Shallow water Evaluation Area (<120m):**

- 24 undrilled Nido Limestone pinnacle reefs identified in two areas
- Potential for rapid and low cost development for early cash flow

## **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.

No further exploration work was carried out during the quarter. The company is currently progressing discussion to farm-out the property.

## **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.

No further exploration work was carried out during the quarter. The company is currently progressing discussion to farm-out the property.

## **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.

No further exploration work was carried out during the quarter. The company is currently progressing discussion to farm-out the property.

## **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 further exploration work was carried out during the quarter. The company is currently progressing discussion to farm-out the property.

## **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 further exploration work was carried out during the quarter. The company is currently progressing discussion to farm-out the property.

## **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.

No further exploration work was carried out during the quarter. The company is currently progressing discussion to farm-out the property.

## **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.

