



## Yamarna Goldfields Limited

### Quarterly Report For The 3 Months Ended 31<sup>st</sup> December 2005

#### Highlights

- Exciting sampling results at Talga Peak Gold Project, Pilbara region W.A.
- Finalisation of Agreement with Asarco on Yamarna Joint Venture Project  
Proposed new listing of Eleckra Mines
- New Joint Venture with Independence Group at Lake Lefroy Project
- High grade iron ore results announced by Atlas Gold at Pardoo Project
- Yamarna's consulting geologist Geoff Blackburn awarded Order of Australia

#### Talga Peak Project

(Yamarna earning up to 80%)

- Cord Main gossan has an identified strike length estimated at 500m with widths up to 40-50m with gold values up to 2.45g/t and silver values up to 110g/t
- Cord North gossan has an identified strike length estimated at 400m widths up to 5m with gold values up to 0.54g/t and silver values up to 64g/t.
- Strike length of mineralised horizon is at least 11.0kms
- Geochemical signature and mapping suggests the potential for a significant VMS style deposit
- Gold values range up to 7.69 g/t and are commonly in excess of 0.5 g/t over a strike length of 1.5kms at the newly discovered Cord West gossan, located 6 kms west of the Cord Main gossan.

It was reported to the ASX on the 12<sup>th</sup> December 2005 that recent sampling and geological mapping at the Cord prospect had resulted in the identification of significant strike extensions to the previously identified and reported gossan at Cord. The geological mapping had also resulted in the recognition of features that suggest that the gossan is derived from a volcanogenic massive sulphide (VMS) body or similar body of sulphides.

The results of further sampling work now at hand confirm a further 1.5kms strike extension of the mineralised horizon. These new gossans are rich in gold and geochemically anomalous in Ag, Cu, Bi (up to 268ppm), Sb, Sn & As all of which are traditionally recognised as "pathfinders" for gold exploration. The geochemistry suggests that the mineralisation is ultimately sulphide derived and the geological situation would suggest that this gossan is the surface expression of a gold rich VMS system. Selections of the assay results from this new gossan are shown in the appended table.

The gossans generally have the appearance of being quite leached, sometimes with abundant secondary silica (as part of the weathering process) in the wall rocks. These silicified wall rocks also contain the presence of textures interpreted as being the results of auto-brecciation – a feature not uncommon in the weathering profile of large massive sulphide bodies.

The geochemistry of these rocks is quite anomalous with gold values commonly in the range of 300 to 800ppb and range up to 7.69g/t in the newly discovered western gossan. Silver is commonly in the range of 10 to 60 g/t with generally moderate to high copper, lead and arsenic. The zinc is quite low which is consistent with the interpretation of the gossans being substantially leached. The high antimony and selenium results are typical of the values expected from massive sulphide bodies in this environment and the quite anomalous tin results are consistent with the interpretation that the gossans are derived from a massive sulphide body of VMS affinity. Previously reported examples of the geochemistry from both the Cord Main Gossan and the Cord North Gossan are tabulated below.

Previously reported geological reconnaissance and mapping has shown that the mineralised horizon extends over at least 11kms of strike. Generally this mineralised horizon has more subdued – but still quite anomalous – geochemistry than that recorded from the Cord Main Gossan area. Along the 11kms of this is mineralised horizon reconnaissance sampled to date values range up to 1.10g/t gold, 4.9g/t Ag, 5960ppm Cu, 325ppm Pb, 44ppm Bi, 7.9ppm Mo, 269ppm Sb, 9ppm Se, and 2.4ppm Sn. At the time of the last report it was suggested, that “the sum of these values suggests the continuing presence of gold and silver enriched massive sulphides in one or more pods along this sampled strike length”. The recent discovery of the new western gossan with gold values up to 7.69 g/t confirms that view.

The mapping and geochemical sampling has shown that the area of the Main Cord Gossan is a probably co-incident with a thickening of the mineralised horizon. Initially this was interpreted as being located at the keel of a synform - later mapping has shown possible shear and thrust related structures coincident with the originally interpreted keel. It may be that this shearing is related to axial plane cleavage within the keel of the synform. In this area the mineralised horizon expands from a typical 5 to 10m width to a maximum width in the order of 40 to 50m.

The initial soil sampling has been completed and the results previously reported. These results together with the geological mapping and rock chip sampling reported above will be used to design a drill program to test these results, which are viewed as very encouraging. These results taken collectively imply that the surface mineralisation is substantive and continuous. Interpretation of these results by the company’s geologists is that there may be one or more bodies of gold rich sulphide mineralisation along the known strike length of the mineralised horizon. However, it is however impossible to quantify the likely grades or widths or to infer the presence of economic mineralisation without conducting a comprehensive drilling program.

Yamarna has an option to acquire an 80% interest in the Talga Peak exploration licence located between Port Hedland and Marble Bar in the Pilbara Goldfield of Western Australia.

The Talga Peak exploration licence covers geology comparable to that which hosts the Wingina Well discovery (+200,000 ozs of gold) of De Grey Mining and that which hosts the recently discovered gold mineralisation at Atlas Gold’s Farrel Well project located along strike to the west. The eastern end of the licence adjoins the Spinifex Ridge project of Moly Mines Ltd and their planned open pit designed to exploit the announced resource of 281Mtonne @ 0.07% Mo and 0.10% Cu is located about 2kms from the eastern boundary of the Talga Peak licence.

Pursuant to an agreement with Oakover Gold Limited, Yamarna has paid a non-refundable deposit of \$100,000 and may earn a 51% controlling interest by spending \$800,000 on exploration within 2 years (Yamarna is required to spend a minimum of \$400,000 before it can withdraw). After earning a 51% interest Yamarna may then acquire a further 29% interest (80% in total) by paying \$2,000,000 to the vendor Oakover Gold Limited.

A SELECTION OF ASSAYS FROM THE NEWLY DISCOVERED GOSSANOUS ROCKS  
LOCATED 6kms WESTERLY OF CORD MAIN GOSSAN

Sample ID	Au g/t	Ag g/t	Cu	Pb	Zn	Bi	Mo	Sb	Sn	As	Fe %
TRK 264	0.43	0.7	347	5	20	10.6	2.5	4.5	0.3	867	17.70
TRK 270	<b>1.78</b>	0.4	264	21	10	9.1	1.2	8.7	1.1	718	4.98
TRK 272	0.79	-0.1	171	4	10	2.7	2.1	3.6	0.3	711	9.60
TRK 274	0.58	0.5	73	14	14	1.3	1.1	11.0	0.3	1310	8.99
TRK 275	<b>1.53</b>	0.3	121	40	9	6.2	2.3	27.9	0.9	1390	8.76
TRK 276	<b>6.47</b>	0.6	156	26	8	3.3	2.2	25.9	1.6	2030	6.90
TRK 279	0.57	0.3	24	41	13	17.5	3.4	24.3	2.6	1450	11.80
TRK 282	0.50	0.3	49	25	10	0.3	0.5	17.3	0.2	5620	14.80
TRK 302	<b>7.69</b>	1.4	558	19	16	268.0	5.6	19.4	0.5	788	13.20
TRK 308	0.78	5.3	1020	28	137	1.4	4.3	41.4	1.7	361	13.00
TRK 309	0.56	0.9	523	8	79	1.8	1.8	6.9	0.5	626	14.20
TRK 312	0.55	0.2	445	63	20	5.9	4.2	12.5	3.1	2230	18.30
TRK 317	<b>7.09</b>	1.1	92	103	47	4.8	2.3	6.6	4.5	2030	9.78

EXAMPLES OF GEOCHEMISTRY OF GOSSANOUS ROCKS  
CORD MAIN GOSSAN

(Results previously reported 12 December 2005)

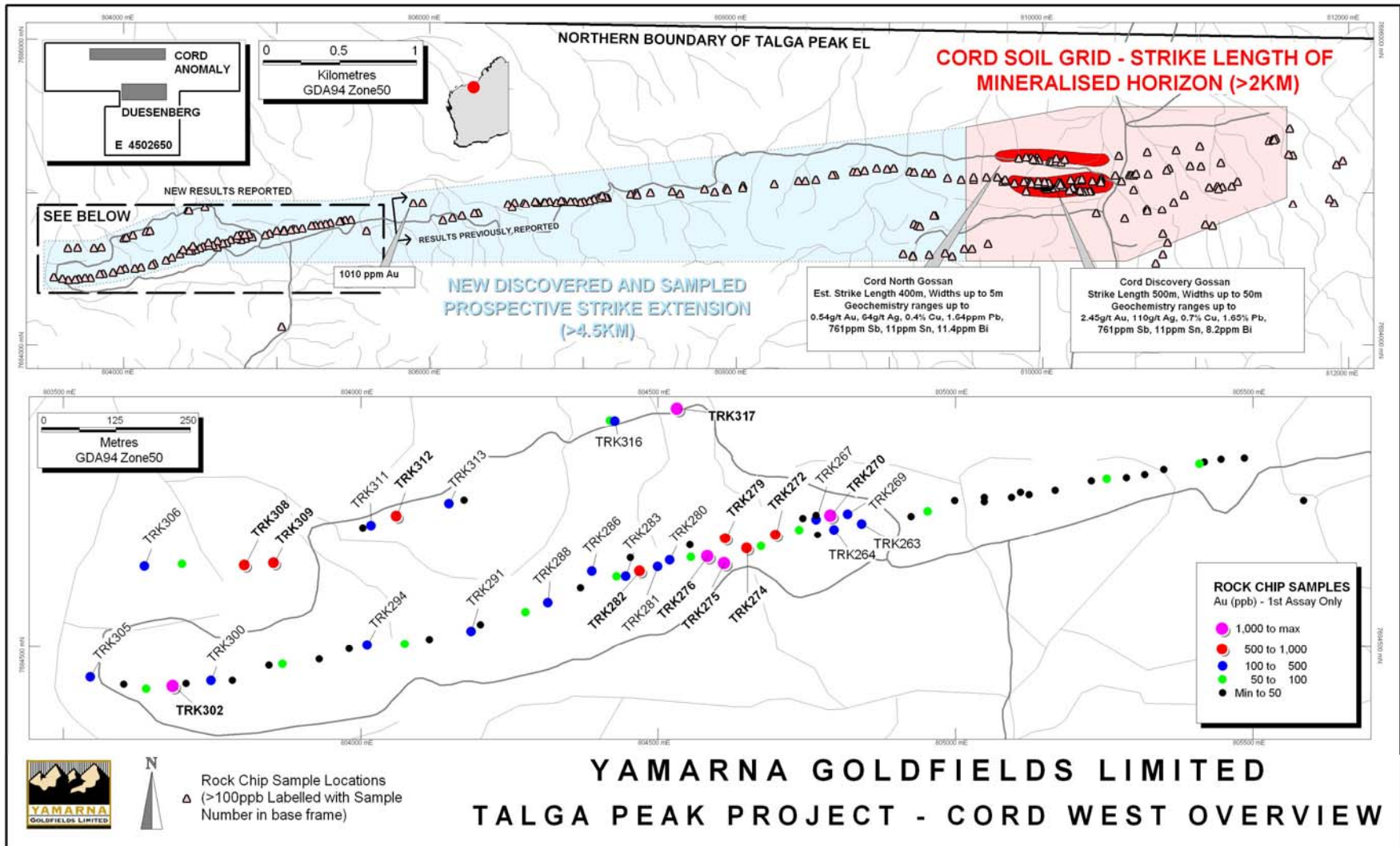
Sample ID	Au ppb	Ag g/t	Cu	Pb	Zn	Bi	Mo	Sb	Se	Sn	As	Fe %
TRK224	469	53.3	437	39	30	1.7	2.8	322	11	1.6	2960	13.20
TRK229	607	7.7	7030	236	105	0.5	1.8	58	-1	11.0	5600	21.80
TRK228	563	19.1	2080	130	86	1.7	3.0	52	-1	6.0	3260	17.60
TRK103	2450	36.9	748	1560	111	3.3	3.0	576	-1	6.2	3730	13.30
TRK104	909	34.3	2010	1.65%	62	6.3	4.2	348	-1	4.6	6990	12.30
TRK105	159	32.9	894	5570	101	1.3	4.6	247	2	0.8	2130	8.63
TRK106	75	10.7	152	526	23	0.9	6.7	43	2	1.0	3680	15.80
TRK150	124	1.9	35	12	8	3.7	5.4	12.1	4	-0.2	750	4.97
715640	75	48.8	324	2730	13	-1	9.0	43	Nr	-2	6061	29.60
715641	66	41.6	1.10%	3145	145	-1	6.0	99	Nr	-2	6358	9.65
715642	53	9.3	4540	56	35	-1	-2.0	12	Nr	-2	728	3.67
715643	320	5.9	635	149	69	-1	8.0	83	Nr	6.0	6098	26.20

Nr = no result as the rock was not assayed for that element

EXAMPLES OF GEOCHEMISTRY OF GOSSANOUS ROCKS  
CORD NORTH GOSSAN

(Results previously reported 12 December 2005)

Sample ID	Au ppb	Ag g/t	Cu	Pb	Zn	Bi	Mo	Sb	Se	Sn	As	Fe %
TRK091	416	51.4	476	164	27	2.2	1.1	560	2	7.4	1180	4.17
TRK092	234	29.9	1350	69	90	4.4	4.8	198	3	3.8	2930	15.50
TRK093	335	63.9	510	91	46	5.1	4.5	485	5	11.4	1440	6.39
TRK095	53	1.7	586	14	65	0.7	1.0	103	-1	0.2	593	3.91
TRK094	95	6.2	1160	16	39	2.4	2.2	283	2	1.0	1530	4.52
TRK096	541	10.7	3980	13	48	4.6	3.9	761	2	1.4	2480	11.00



## **Yamarna Joint Venture Project**

### **Finalisation of Agreement with Asarco**

On 20 January 2006 the company announced that it had reached agreement with Asarco Exploration Company Inc (“Asarco”), the 80% shareholder and operator of the Yamarna Joint Venture Project to restructure the ownership of the project.

Yamarna had been negotiating with Asarco for considerable time in an attempt to increase its participating interest in the project and ensure that the project received increased exploration activity and expenditure for further development. As a consequence of these protracted negotiations both Asarco and Yamarna entered into an agreement with Faulkner Resources Pty Ltd (“to be renamed Eleckra Mines Limited”) which will acquire their respective interests in the Yamarna Joint Venture Project subject to Eleckra successfully raising a minimum amount of \$4 million and listing on the Australian Stock Exchange.

As previously disclosed the Yamarna Joint Venture Project hosts measured, indicated and inferred resources of 12.6 mt @ 1.82 gpt Au, containing 738,000 ounces of gold in terms of the Jorc Code.

The directors of Yamarna are of the opinion that the agreement with Eleckra is a highly positive development for the project and for Yamarna. Yamarna will maintain a significant shareholding in Eleckra. Eleckra has also entered into additional agreements to acquire other prospective tenements within the immediate area of the Yamarna Joint Venture Project.

The structure of the transaction provides new funding to accelerate development of the project without a corresponding increase in Yamarna’s issued share capital, exposure to additional new prospective tenements in the immediate area and professional well qualified management to oversee the development.

### **Joint Venture with Independence Group – Lake Lefroy Project** (100% Yamarna)

On 21 November 2005 the company announced that it had entered into an agreement with Independence Group Limited (ASX Code – IGO) in respect of its 100% owned Lake Lefroy Project located in the Kambalda region of Western Australia. IGO acquired the exclusive right to evaluate the tenements for the purposes of entering into a joint venture with Yamarna. Amongst other techniques IGO intends to test the tenements for nickel sulphides using a geophysical device called a SQUID magnetometer (“squid”).

Under the terms of the agreement IGO has been granted an exclusive six month evaluation period during which time it must complete a minimum of 10 line kms of SQUID surveying on the tenements. At any time during the evaluation period IGO may elect to enter into a farm-in and joint venture agreement under the following terms:

- IGO must spend a minimum of \$150,000 within the latter of either 12 months following Tenement grant or 12 months following the election to enter into a Joint Venture.
- IGO may earn an 80% interest in the Tenements by spending \$600,000 within 3 years of the Tenements being granted.
- Once IGO has earned its 80% interest, both parties contribute to further exploration and development on a pro-rata basis.

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+ See chapter 19 for defined terms.

- If either party elects not to contribute then industry standard dilution formulas will apply down to a 5% interest at which point the interest would convert to a 1% royalty.
- IGO to manage the Tenements on behalf of the Joint Venture, including compliance with Department of Resources & Industry reporting requirements.

As a consequence of entering into the joint venture certain rights and obligations have been assumed which involve Anglo American Exploration (Australia) Limited (“Anglo”).

If IGO utilises the SQUID technology Anglo will be entitled to a 1% royalty in any related discovery to be born pro-rata by Yamarna and IGO. If IGO elects to withdraw from the agreement Anglo has the right to take over IGO’s rights and responsibilities within 30 days of IGO withdrawing.

The new joint venture provides a highly favourable outcome for Yamarna. IGO must spend a minimum of \$150,000 within the first 12 months following the election to enter into a joint venture and \$600,000 before Yamarna must contribute further funds.

### **Atlas Gold High Grade Drilling Results**

On 11 January 2006 Atlas Gold Limited (ASX – AGO) announced high grade drilling results at its Pardoo iron ore project located 75 km east of Port Hedland in the Pilbara of Western Australia. During November and December Atlas completed 100 RC holes for 5,592 metres which confirmed extensive iron enrichment (> 55% Fe) with strike lengths up to 400 metres.

Better results included:

HOLE	WIDTH	Fe (%)	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P (%)	LOI	DEPTH
<b>Bobby</b>							
PDRC105	42 metres at	<b>61.78</b>	4.16	0.94	0.10	5.59	from 8 metres
PDRC106	56 metres at	<b>60.26</b>	4.74	0.75	0.14	7.29	from 22 metres
PDRC110	46 metres at	<b>60.19</b>	4.10	0.94	0.11	8.07	from 8 metres
<b>South Limb</b>							
PDRC096	46 metres at	<b>61.40</b>	2.2	1.12	0.14	8.41	from 8 metres

Atlas’ managing director David Flanagan described the results as the best results achieved on the project to date and that Atlas intends to complete infill drilling for resource estimation later this year.

Yamarna currently holds approximately 3m shares and 2m options in Atlas.

### **Withdrawal from Niue Island Option**

On 28 October 2005 the company announced that after completing a detailed technical evaluation of existing and new data from the Niue Island Minerals Project it elected to withdraw from its option. The Company retains no further interest in this project.

+ See chapter 19 for defined terms.

**Award for Geoff Blackburn**

The company's consulting geologist Mr Geoff Blackburn was awarded an Order of Australia for services to the mining industry on Australia Day. The company congratulates Mr Blackburn on receiving this honour.

On behalf of the Board



Richard Revelins  
Director

*The information in this report in relation to the Talga Peak Project was been compiled by Geoff Blackburn. Geoff Blackburn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results. Geoff Blackburn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report in relation to the Yamarna Joint Venture Project was extracted from previously publicly available information compiled by Asarco Exploration Company Inc.*

*The information in this report in relation to Lake Lefroy Project was extracted from previous ASX announcements released by the company.*

*The information in this report regarding Atlas Gold Limited was extracted from previous ASX announcements released by Atlas Gold Limited.*

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+ See chapter 19 for defined terms.

# Appendix 5B – 2<sup>nd</sup> Quarter

## Mining Exploration Entity Quarterly Report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

**Name of Entity:**

YAMARNA GOLDFIELDS LIMITED

**ABN:**

84 006 189 331

**Quarter Ended ('Current Quarter')**

31<sup>st</sup> December 2005

**Consolidated Statement of Cash Flows**

	Current Quarter \$A'000	Year to Date (6 months) \$A'000
<b><u>Cash Flows Related to Operating Activities</u></b>		
1.1 Receipts from product sales and related debtors	3	3
1.2 Payments for: (a) exploration and evaluation	(189)	(212)
(b) development	-	-
(c) production	-	-
(d) administration	(136)	(394)
(e) contract services	(79)	(160)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(399)</b>	<b>(754)</b>
<b><u>Cash Flows Related to Investing Activities</u></b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(613)	(1,302)
(c) other fixed assets	(13)	(19)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	608	1,190
(c) other fixed assets	-	-
1.10 Loans to other entities	(150)	(250)
1.11 Loans repaid by other entities	-	100
1.12 Other (provide details if material)	-	-
<b>Net Investing Cash Flows</b>	<b>(168)</b>	<b>(281)</b>
<b>1.13 Total Operating and Investing Cash Flows</b>	<b>(567)</b>	<b>(1,035)</b>

+ See chapter 19 for defined terms.



	Current Quarter \$A'000	Year to Date (6 months) \$A'000
1.13 <b>Total Operating and Investing Cash Flows (Carried Forward)</b>	(567)	(1,035)
<b>Cash Flows Related to Financing Activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	849
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
<b>Net Financing Cash Flows</b>	-	<b>849</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(567)</b>	<b>(186)</b>
1.20 Cash at beginning of quarter/year to date	574	767
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at End of Quarter</b>	<b>7</b>	<b>581</b>

**Payments to Directors of the Entity and Associates of the Directors  
Payments to Related Entities of the Entity and Associates of the Related Entities**

	Current Quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	71
1.24 Aggregate amount of loans to the parties included in item 1.10	
1.25 Explanation necessary for an understanding of the transactions	
Salaries, directors' fees, corporate advisory & consulting fees at normal commercial rates	

**Non-Cash Financing and Investing Activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing Facilities Available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount Used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	20
<b>Total:</b>	<b>30</b>

### Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	7	562
5.2 Deposits at call	-	12
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: Cash at End of Quarter (item 1.22)</b>	<b>7</b>	<b>574</b>

### Changes in Interests in Mining Tenements

	Tenement Reference	Nature of Interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed	Nil	
6.2		Interests in mining tenements acquired or increased	Nil	

+ See chapter 19 for defined terms.

**Issued and Quoted Securities at End of Current Quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

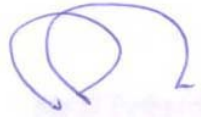
		Total Number	Number Quoted	Issue Price Per Security (cents)  (see note 3)	Amount Paid Up Per Security (cents)  (see note 3)
7.1	<b>Preference +Securities</b> <i>(Description)</i>	-	-		
7.2	Changes During Quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3	<b>+Ordinary Securities</b>	809,721,133	809,721,133		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs				
7.5	<b>+Convertible debt securities</b> <i>(Description)</i>	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(Description and Conversion Factor)</i>			<i>Exercise Price</i>	<i>Expiry Date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign Here:



Director

Date: 30 January 2006

Print Name: **Richard Revelins**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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