



## Yamarna Goldfields Limited

### Quarterly Report For The 3 Months Ended 31 December 2004

#### Highlights:

- De Grey Mining announces additional high grade gold at the Mt Berghaus Prospect and successfully completes two Placements and a finance agreement raising over \$10m
- Jackson Gold intersects new zones of supergene mineralization and identifies potential to increase the resource at the Kalgoorlie Regional Gold Project
- Cangold discovers a new zone of gold-silver-copper mineralization on the North Grid of the Thorn Property
- Yamarna awaits outcome of offers for Asarco interest in Yamarna Joint Venture Project.

#### Yamarna Joint Venture Project

(Currently 80% Asarco Exploration Company / 20% Yamarna)

Yamarna has been informed that Asarco Exploration Company, the operator of the project is finalising offers in respect to its interest in the Project. At such time that an offer is made, Yamarna maintains a first right of refusal to match any offer.

No exploration was undertaken at the Project during the December quarter.

#### De Grey Mining Limited

(Yamarna currently holds approximately 2.2m shares and 3.4m options)

(ASX Code: DEG)

Throughout the December quarter, De Grey announced further high grade gold intercepts from the Mt Berghaus prospect at its 100% owned mineral rich Turner River Gold Project, 60kms south of Port Hedland. Best drill results include:

- 16 metres @ 6.70 g/t gold which includes 7 metres @ 15.75 g/t gold
- 7 metres @ 4.04 g/t gold
- 5 metres @ 5.52 g/t gold
- 21 metres @ 3.25 g/t gold which includes 4 metres @ 10.31 g/t gold
- 4 metres @ 7.84 g/t gold
- 5 metres @ 11.58 g/t gold
- 7 metres @ 7.28 g/t gold

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+ See chapter 19 for defined terms.

The Company completed two capital raisings strengthening the institutional presence on the De Grey share register:

- In October 2004 the Company reached an agreement with Lion Selection Group Limited to invest \$2.0m at \$0.40 per share.
- In December 2004 the Company raised \$3.15 from a placement to institutional investors of Blackwood Capital at \$0.42 per share including a 1:1 free attaching option exercisable at \$0.45 on or before 30 June 2006.

In addition, the company reached an agreement with Macquarie Bank Limited to provide a \$5.0 Feasibility Finance to assist with funding and development of the Turner River Gold Project to bankable feasibility study level.

De Grey's Managing Director Denis O'Meara, and Principal Consulting Geologist Geoffrey Blackburn were jointly awarded the Prospector of the Year Award by the Association of Mining and Exploration Companies (AMEC). The award is in recognition of their discovery of the Wingina Well Gold deposit along the Turner River Gold Belt.

#### **Jackson Gold Limited**

(Yamarna currently holds 1.5m shares and is entitled to an additional 1.5m shares in the event that Placer declares the Claypan Dam Project part of a "Declared" area)  
(ASX Code: JAK)

Due diligence drilling of the Company's Crossroads Resource near Kalgoorlie by Placer Dome Asia Pacific (PDAP) has intersected new zones of supergene mineralization and identified the potential to increase the resource. Eight RC holes for 990m were drilled at Crossroads to test the high-grade (supergene) portion of the deposit (north-western section). Better intercepts include:

Validation of the high grade nature of the mineralization within the resource;

- 16m @ 5.45 g/t Au;
- 4m @ 37.34 g/t Au (to end of hole); and
- 2m @ 21.17 g/t Au

New mineralization outside of the current resource area;

- 7m @ 12.52 g/t Au; and
- 2m @ 10.06 g/t Au

These results confirm Jackson Gold's defined supergene mineralization and also suggest that exploration to date has not closed off the resource. Higher density drilling appears to be required to locate this high-grade style of mineralization, offering potential for new discoveries.

Subsequent to the December quarter, the Company announced that it had entered into an Underwriting Agreement led by ABN AMRO Morgans Corporate Limited for the exercise of 22m listed options expiring on 31 January 2005, raising approximately \$4.4m.

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**Cangold Limited**

(Yamarna currently holds approximately 5.6m shares)  
(TSX-V: CLD)

**2004 DRILLING RESULTS**

**Talisker Zone**

One hole (THN04-29) tested a 500 metre long IP chargeability anomaly defined in 2004. This anomaly lies approximately 450 metres north of Camp Creek in an area of no outcrop exposure. The 56.1 metre-wide Talisker Zone consists of strongly sericitized Thorn Stock porphyry with 2% disseminated to stringer style pyrite-enargite and several pyrite-enargite-silica veins up to 75 cm wide. This discovery represents a new zone of gold-silver-copper mineralization on the North Grid of the Thorn Property.

**Camp Creek Structural Corridor**

Three holes tested targets within an overall strike length of 875 metres demonstrating that the vein systems within the Camp Creek Corridor have excellent continuity both along strike and to depth. THN04-30 was drilled approximately 100 m along strike of the MP Vein that returned 224 g/t Ag, 0.75 g/t Au and 8.73% Cu over 0.5 metres in outcrop. The hole was also guided by an IP target and intersected 74 metres of altered Thorn stock porphyry containing two more discrete zones of massive to stringer pyrite-enargite-tetrahedrite mineralization similar in appearance to the MP Vein itself. The northernmost of these returned grades comparable to the outcropping vein, with 0.37 metres @ 368.9 g/t Ag, 1.11 g/t Au, & 2.96% Cu.

Near the west end of the Camp Creek Structural Corridor, hole THN04-31 tested the strike extension of the Tamdhu Vein, which assayed 454 g/t Ag, 3.05 g/t Au and 3.65% Cu over 1.65 metres in 2002 drill hole THN02-13. Drill hole THN04-31 intersected five zones of mineralization including multiple massive pyrite-enargite veins with stringer sulphides in between, the best of which assayed 231.9 g/t Ag, 3.47 g/t Au, & 3.73% Cu over 1.24 m.

THN04-35 was drilled across the Camp Creek Structural Corridor east of the MP Vein and west of the Glenlivet Vein. It intersected a 49 metre wide zone (the F zone) of moderately to highly sericitized Thorn Stock porphyry containing two discrete intervals (approximately 15 and 2.5 m wide) containing veinlets and stringers of massive sulphide-sulphosalt mineralization. Within this envelope, a massive sulphide vein returned 704 g/t Ag, 5.15 g/t Au, & 2.81% Cu over 0.11 metres.

**Oban Breccia Zone**

The first four drill holes of the program targeted silver-gold mineralization at depth and along strike of previous drilling at the Oban Breccia Zone. Holes THN04-24 to 27 extended the breccia mineralization to a vertical depth of approximately 235 metres while demonstrating that it continues for at least 100 metres along strike to the northwest. The breccia, and hence the mineralization, may be plunging in this direction as it appears to terminate abruptly to the southeast, as demonstrated by drill hole THN04-25. THN04-24, which tested the Oban breccia at approximately 200 metres depth, intersected 51.71 metres of 0.33 g/t Au, 9.4 g/t Ag, & 0.15% Cu. Drill hole THN04-26, testing the Oban breccia 25 metres down dip of THN03-23, intersected 59.95 metres of 0.37 g/t Au, 94.3 g/t Ag, & 0.61% Zn. Geophysical surveys show that high chargeability readings continue to the northwest, indicating there is room to expand the Oban Breccia mineralization in this direction.

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Having compiled all of the 2004 field work, Cangold, as operator, has commenced planning for an aggressive exploration program in early summer, 2005. Detailed drilling in the Camp Creek Structural Corridor, follow-up drilling on the Talisker Zone, sourcing the new high grade mineralization in the Balvenie and Amarillo Creek areas and continued IP and prospecting will provide for an active and exciting season.

For and On Behalf of The Board



**Richard Revelins**  
Director

Disclosure Notices:

- 1) Information in relation to the Yamarna Joint Venture has been compiled and supplied by Asarco Exploration Company Inc.
- 2) Information in relation to De Grey Mining Limited has been compiled and supplied by De Grey Mining Limited based on public available information and reports to the ASX.
- 3) Information in relation to Cangold Limited has been compiled by Cangold Limited based on publicly available information and reports to the Toronto Venture Exchange Canada.
- 4) Information in relation to the Kalgoorlie Regional Gold Project (WA) (New name of the Claypan Dam Project) has been compiled and supplied by Jackson Gold Ltd based on public available information and reports to the ASX.

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# Appendix 5B – 2nd Qtr

## 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 December 2004

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(18)	(20)
(b) development	-	-
(c) production	-	-
(d) administration	(126)	(316)
(e) contract services	(141)	(225)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	22
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>(269)</b>	<b>(539)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(1,790)	(2,346)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	1,655	2,757
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(200)
1.11 Loans repaid by other entities	-	200
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(135)</b>	<b>411</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(404)</b>	<b>(128)</b>

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1.13	Total operating and investing cash flows (brought forward)	(404)	(128)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(60)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	(60)
	<b>Net increase (decrease) in cash held</b>	(404)	(188)
1.20	Cash at beginning of quarter/year to date	937	721
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	533	533

**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	114
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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### 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	70	177
5.2 Deposits at call	463	760
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>533</b>	<b>937</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			

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**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 (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	703,596,133	703,596,133		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> (description)	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	188,276,012	188,276,012	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 01/02/2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

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## 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: 28 January 2005

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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