
LETTER TO SHAREHOLDERS

3rd July, 2020.

Dear Shareholder,

We are writing to update you regarding the activities of your company since our last communication dated 12th March, 2020.

In that letter we advised that we had lodged an “Application for In-principle Advice” with ASX and expected the Company to complete and lodge its Prospectus by 27th March, 2020. Further, assuming no further delays from ASX or ASIC, the Company was scheduling to achieve a listing by late April or early May 2020.

PROGRESS WITH ASX LISTING

As you know this has not happened and there are a number of reasons for this. Firstly Covid-19 dramatically changed to negative, the stock market’s view regarding new investments such as IPO’S. As a result our brokers and lead managers advised against proceeding at that time with the planned IPO.

Secondly, while the stock market has been negatively affected by Covid-19 your Directors, together with the Lead Managers - Empire Capital, have continued to work with the ASX regarding the Company’s lodged “Application for In – principle Advice”. This is a normal, highly recommended process for any new company prior to seeking a listing on the ASX to ensure the applicants Prospectus, prior to lodgement, fulfils all the requirements of the ASX Listing rules. The ASX came back with a number of suggestions and concerns which it recommended the Directors address before formally applying for listing.

The Directors have over the last 2 months been in continuous contact with the ASX and have advised how each of their concerns would be addressed prior to the Company making a formal application for listing.

One of ASX’s concerns is that as the Company has significant assets and income producing operations overseas, namely China, it has “sovereign risk” exposure which is of concern to the ASX regardless of which overseas country the assets are in. In their response to ASX the Directors have addressed this issue and set out how its sovereign risk will be managed.

We believe the changes outlined will reduce sovereign risk and should satisfy shareholders, the market and potential investors when the Company IPO’s.

A final matter raised by ASX is in regard to the history of Yilgarn which as you know was incorporated in June 2005. The Company now has 207 shareholders and so the ASX has asked for more details regarding the history of the company. This request is not unusual for companies looking to list after a long history and the Directors have provided the requested details to ASX.

The Directors believe that the company is today in a much better position to undertake an IPO than it was early this year. We expect that in the coming weeks the information we have

submitted to the ASX thus far will not raise any further advice from the ASX at which time the Directors with the help of legal and other advisers will complete the prospectus and set a time to make formal application to the ASX for listing.

PROCESSING PLANT STARTUP

With regard to operations in China we are pleased to report that, following a 2 month closure due to Covid-19 lock downs, the factory has re-opened. Refurbishment of the processing plant is now complete and initial production has commenced. Further, HPQ product produced from our plant has been shipped to a contracted customer in China and successfully used in their manufacture of crucible product. They now await their customer's approval of the crucibles in order to commence regular off-take of our HPQ sand. Full production up to a rate of 1000 tons p.a. of finished, marketable HPQ product is expected to commence during July.

PRE IPO CAPITAL RAISE

We wish to report that the company at the end of May raised the sum of \$250,000 in cash and a share swap of \$250,000 in shares in gold exploration company, Golden Globe Resources (GGR). Further at that time the company also granted GGR an option, exercisable on or before 31 August, 2020, to invest a further \$250,000 in cash and a share swap of \$250,000 in GGR shares.

GGR Directors strongly believe in the future of Yilgarn and their Executive Chairman Mr Michael Ivkovic has now joined the Yilgarn Board. We welcome Mr Ivkovic who has an excellent track record and many years of experience in listing companies on the ASX.

CONCLUSION

In conclusion, your Directors are fully committed to working directly with the ASX Listings Compliance team, to achieve their Approval In-principle, to completing the Company's Prospectus that fully complies with the ASX Listing Rules and to proceeding to a successful IPO (subject to market conditions).

Yours sincerely,



Clive Trist.
Chairman