

26<sup>th</sup> July 2021

Dear Shareholder,

Your directors would like to take this opportunity to update shareholders on the Company's activities over the last 3 months.

As you are aware the Company recently initiated a rights issue to raise new capital. Unfortunately only \$90,000 in subscriptions were received.

In response to this result your directors have implemented a strategy to raise further funds to cover the rights shortfall.

In the letter accompanying the rights issue notice, shareholders were reminded of the issues of concern on the part of the ASX in relation to the Company's planned IPO.

Yilgarn has sought legal advice in relation to the ASX position and as a result is committed to redefining its business model in respect to China and significantly bolstering the board and management of the Company. Key aspects relating to these changes were approved at the Company's last AGM.

Furthermore it is believed that with the implementation of these changes that the Lead Manager and other brokers will continue to support the company and they would be able to attract potential investors so the Company can successfully list on the ASX.

In fact a number of these changes have now been implemented.

Firstly, the plant in China has been sold and as a consequence the processing operations in China have therefore ceased.

The annual audited report and financials currently being prepared will report the full details of the financial impact from the sale.

Secondly changes have been made to the board of directors and two new directors have been identified and have agreed to join the board.

Thirdly, the Company is not at present involved in any mining or exploration activities. The sole focus of the Company is to finally complete a prospectus and do the necessary to undertake an IPO.

Yilgarn needs to take further steps if it is to achieve its listing objective, (1) change the name of the Company, (2) to restructure the capital to reduce the number of shares and options on issue, (3) to approve Yilgarn's future business strategy.

Full details of these changes how and why will be covered in the notice of meetings letter soon to be sent to shareholders.

Following the proposed shareholder meeting, the directors plan to raise further capital of approximately \$750k from sophisticated investors at 7.5 cents per share via the issue of 10 million new shares to cover costs of the IPO.

As evidenced in the Company's latest audited accounts, a great deal of time, effort and consulting fees have been expended on progressing the prospectus and listing process over the last 2 years.

Consequently, the Company has addressed the majority of statutory requirements in relation to the preparation of the prospectus and therefore should be able to finalise the document within 2 months.

Following completion of the prospectus time will be required for marketing to investors, lodgement with ASIC and finally the application for listing to the ASX. This entire process should be completed by November 2021.

Shareholders must understand that the best time to undertake an IPO like Yilgarn is not in the hands of directors but in the hands of the stock market as market conditions can change significantly as was the case in March / April 2020.

At present your directors and the Company's brokers believe that the timing is good for an IPO like Yilgarn operating in the popular green tech minerals space. There is a lot of investment interest and capital available for this sector in Australia, and for that matter elsewhere. Consequently, the Company can now have confidence moving forward with its plans.

Sincerely

Hugh Dai  
Managing Director