ACTIVITIES REPORT FOR THE
QUARTERLY PERIOD ENDED ON 31 December 2011

HIGHLIGHTS

• Soil Sampling program completed
• Soil chemical analysis and mapping in progress
• HELITEM electromagnetic program completed
• Electromagnetic analysis and mapping in progress

GABANINTHA EXPLORATION PROGRAMME 2011/2012

Geochemical Soil Sampling

Comprehensive soil sampling was recommended by Yellow Rock’s consultant geologists. The method involves the collection of soil at depths 250mm to 300mm from the surface. Sampling is carried out on a grid with careful recording of the locations of each sample so that findings can be cross referenced and compared. The soil is analysed for its chemical composition which may indicate the existence of ore bodies either directly underlying the soil samples or may indicate leaching from ore bodies nearby. This exploration method is combined with other exploration methods to map potential targets for comprehensive drilling and associated research.

A comprehensive geochemical sampling programme was completed in December 2011. The sampling involved approximately 508 line kilometres of sampling at a 100 metre by 100 metre grid. Altogether 5827 soil samples and multiple rock chip samples were collected and sent for multi-element chemical analysis.

The field campaign began in the northern part of the tenements adjacent to the historical Gabanintha Gold Mine and nearby historical gold and copper occurrences.

The sample collection work was completed by Allegro Logistics and packaged for delivery to the laboratory for assessment by SGS Laboratories. SGS expect to complete the chemical testing in the first quarter of 2012.
The next step is to collate all of the results of the chemical analysis into a map of the results and to interpret finding of the chemical analysis. This will be carried out as information comes to hand. The chemical analysis and HELITEM (see below) assessments together with the other with historical geophysical data information, continuing geological mapping and compilation of this major exploration program is anticipated to lead to the identification of several gold and copper targets.

Photos of Soil Sampling Collection Program at Gabanintha November 2011
Figure 2 - Geochemical Transect Lines on Grid Pattern
Gabanintha HELITEM Geophysical Survey

A HELITEM survey using Scintrex CS3 technology across all the YRR Gabanintha tenements was completed by Fugro Airborne Services Pty Ltd in the second quarter of the 2011/2012 financial year. 537 line kilometres were traversed on flight paths on a grid 150 apart.

The data from HELITEM survey is now being interpreted by the Fugro Airborne Surveys Pty Ltd. Mapping results and interpretations are expected in the first quarter of 2012.

Helicopter-borne Time Domain Electromagnetic and Magnetic Survey (HELITEM) is a modern method concentrated of geophysical exploration that is useful in indicating the location, size and depth ore bodies. When combined with other modern exploration techniques it is a powerful tool in the identification of drilling targets to prove up ore bodies. Surveys are conducted by the use of a magnetometer system towed behind a helicopter at a minimum height of 35 metres above the ground. Electro-magnetic signals are transmitted and received from a magnetometer are stored as raw data as well as being processed throughout the flight and through the differential GPS and altimeter instrumentation. The resulting time-domain responses are processed by computer at base to derive precise, calibrated magnetic as well as location data for mineral exploration maps.

The HELITEM method is particularly useful for identification of deeper or hidden sulphide-bearing orebodies and detailed structures under alluvial cover. The precision of the technique is claimed to be several times higher than conventional airborne magnetic surveys.
WGS84 Zone 50S

<table>
<thead>
<tr>
<th>Block</th>
<th>Area (km²)</th>
<th>Line Spacing (m)</th>
<th>Total Line Kilometres</th>
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<tbody>
<tr>
<td>Main Area</td>
<td>66.3</td>
<td>150</td>
<td>493</td>
</tr>
<tr>
<td>Smaller Area</td>
<td>3.1</td>
<td>150</td>
<td>44</td>
</tr>
<tr>
<td>Totals</td>
<td>69.4</td>
<td></td>
<td>537 line km</td>
</tr>
</tbody>
</table>

Figure 3 - HELITEM Flight Paths
The information in this statement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consulting geologist Brian Davis B.Sc (hons), Dip.Ed.

Brian Davis is a Member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Brian Davis is employed by Geologica Pty Ltd.

Brian Davis has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

Mr. Davis consents to the inclusion in the report of the matters based on the information made available to them, in the form and context in which it appears”.

**Brian Davis** BSc DipEd RPGeo MAusIMM  
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