



YELLOW ROCK RESOURCES LIMITED

ABN 90 116 221 740

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2011

YELLOW ROCK RESOURCES LIMITED

CORPORATE DIRECTORY

DIRECTORS

Sydney Chesson (Chairman)
Leslie Ingraham
Brenton Lewis

SECRETARY

Simon Chesson

REGISTERED AND PRINCIPAL OFFICE

420 Newcastle Street
West Perth WA 6005

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SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St George's Terrace
Perth WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

AUDITORS

RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Yellow Rock Resources Limited shares (YRR) and
options (YRROA) are listed on the ASX Limited

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Sydney Chesson (Chairman)

Leslie Ingraham

Brenton Lewis

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Yellow Rock Resources Limited was \$200,432 (31 December 2010 – loss of \$9,247,269). The loss for the period included an allowance for impairment on capitalised exploration and evaluation of \$Nil (31 December 2010: \$8,659,481).

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.

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

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



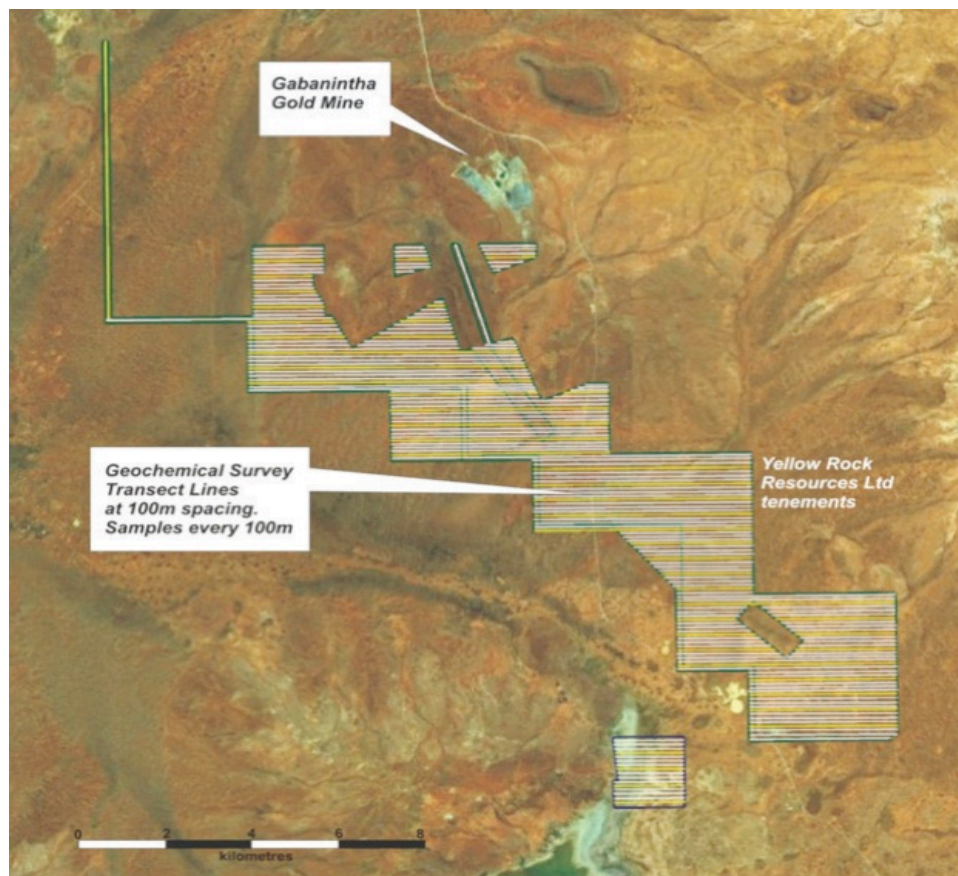
YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

Photos of Soil Sampling Collection Program at Gabanintha November 2011



Geochemical Transect Lines on Grid Pattern



YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

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.

YELLOW ROCK RESOURCES LIMITED

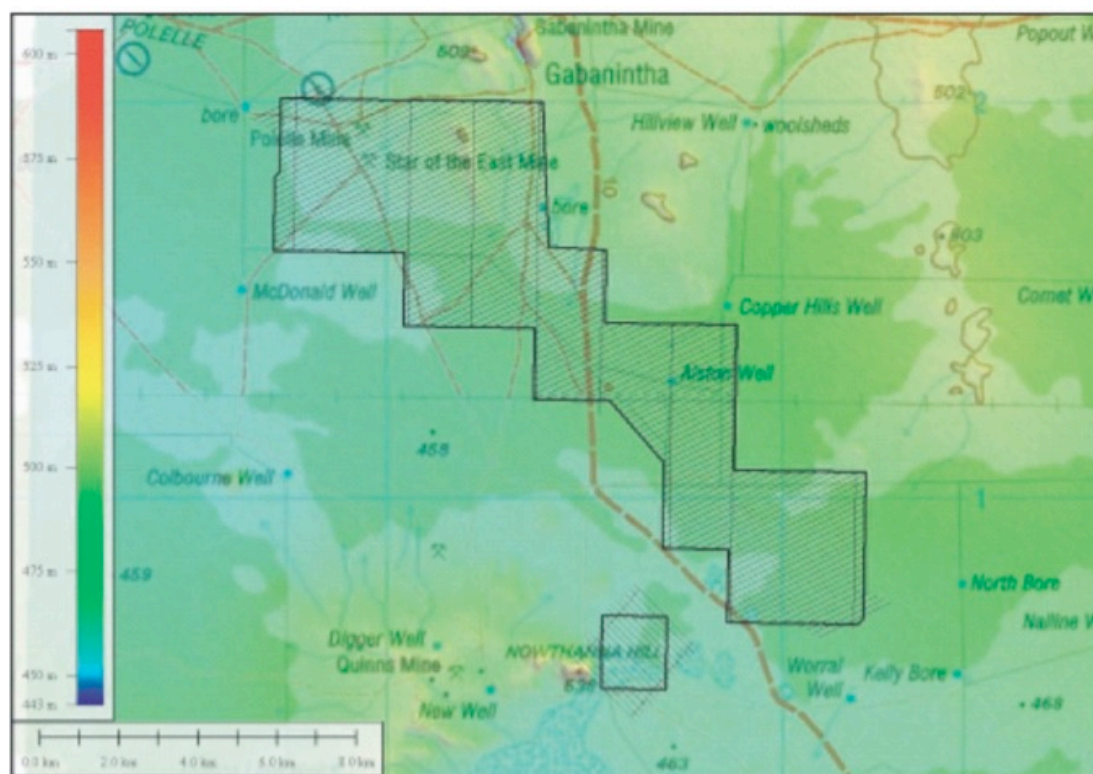
DIRECTORS' REPORT

Geochemical Transect Lines on Grid Pattern



YELLOW ROCK RESOURCES LIMITED DIRECTORS' REPORT

WGS84 Zone 50S



HELITEM Flight Paths

Block	Area (km ²)	Line Spacing (m)	Total Line Kilometres
Main Area	66.3	150	493
Smaller Area	3.1	150	44
Totals	69.4		537 line km

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

Gabanintha Magnetite-Vanadiferous-Ilmenite Deposit - Mineral Resource

V2O5 (up to 0.7%), Fe (up to 32.3%) and TiO2 (up to 8.6%), with Total Resource 125.8Mt.

The Gabanintha Titaniferous – Vanadiferous Magnetite deposit is located within the Murchison Province of Western Australia. The project consists of 9 granted tenements and 3 Mining Lease applications. All are located 43 kilometres south of the township of Meekatharra and are accessible via the Great Northern Highway. The Gabanintha deposit is comprised of massive to disseminated bands of titaniferous magnetite (and ilmenite) hosted in a differentiated gabbro of the Gabanintha Formation. There are two distinct zones of mineralisation, a basal, massive, high grade band and an upper disseminated band with lower grade. The deposit strikes north-northwest in the project area and dips at a 45° to 60° angle to the southwest. The mineralised bands are 5 – 30m thick and share the same orientation as the gabbro host.

The geological setting is an extensive anorthositic gabbro that is known to strike North West along the 12.2 km strike length of the tenements. The gabbro hosts a series of titaniferous magnetite bands and these are the main focus for vanadium magnetite titanium mineralisation.

Current Mineral Resource has seen a significant improvement in size and grade for the main target commodities **V2O5 (up to 0.7%), Fe (up to 32.3%) and TiO2 (up to 8.6%), with Total Resource 125.8Mt.**

Table 1. Estimate

Material	JORC Resource Class	Million tonnes	In Site Bulk Density	V2O5%	Fe%	TiO2%	SiO2%	Al2O3%	LOI%
High Grade	Indicated	14.4	4.17	1.03	42.14	12.07	11.42	7.84	3.37
	Inferred	46.0	4.16	0.97	42.15	11.19	12.37	8.28	3.20
	Sub-total	60.4	4.16	0.98	42.15	11.40	12.15	8.17	3.24
Low Grade	Indicated	42.7	2.71	0.44	23.37	6.08	29.25	18.09	8.94
	Inferred	22.7	2.67	0.42	22.65	6.08	30.62	16.96	6.92
	Sub-total	65.4	2.70	0.43	23.12	6.08	29.73	17.70	8.24
Total	Indicated	57.0	2.97	0.59	28.10	7.59	24.76	15.51	7.54
	Inferred	68.8	3.51	0.79	35.70	9.50	18.40	11.15	4.43
	Total	125.8	3.25	0.70	32.26	8.64	21.29	13.13	5.84

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.

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

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

Principal Consultant

GEOLOGICA PTY LTD

CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the half-year are detailed under the heading 'Review of Operations' of this Report.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2011 is included within this financial report.

On behalf of the Directors



Sydney Chesson

Chairman

Perth, 13 March 2012

RSM Bird Cameron Partners

Chartered Accountants

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Yellow Rock Resources Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants

David Wall

DAVID WALL

Partner

Perth, WA

Dated: 13 March 2012

YELLOW ROCK RESOURCES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2011

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
Continuing operations		
Revenue	78,770	96,162
Exploration and evaluation expenditure	(11,870)	(9,783)
Depreciation	-	(288)
Directors fees and benefits expense	(149,237)	(62,664)
Share based payments	-	(9,158)
Impairment of mineral interest	-	(8,659,481)
Other expenses	(118,095)	(602,057)
Loss before income tax expense	(200,432)	(9,247,269)
Income tax expense	-	-
Net loss for period	(200,432)	(9,247,269)
Other comprehensive income	-	-
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income attributable to members of Yellow Rock Resources Limited	(200,432)	(9,247,269)
Basic and diluted loss per share (cents per share)	(0.06)	(2.90)

The accompanying notes form part of these financial statements

YELLOW ROCK RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

		Consolidated	
		31 December 2011 \$	30 June 2011 \$
	Note		
ASSETS			
Current Assets			
Cash and cash equivalents		2,734,050	3,035,271
Trade and other receivables		129,354	375,182
Total Current Assets		2,863,404	3,410,453
Non-Current Assets			
Trade and other receivables		2,611	2,611
Plant and equipment		10,271	1,569
Deferred exploration expenditure	2	29,095,516	28,676,538
Total Non-Current Assets		29,108,398	28,680,717
Total Assets		31,971,802	32,091,170
LIABILITIES			
Current Liabilities			
Trade and other payables		202,766	121,702
Total Current Liabilities		202,766	121,702
Total Liabilities		202,766	121,702
Net Assets		31,769,036	31,969,468
EQUITY			
Issued capital	3	56,799,840	56,799,840
Reserves		21,004,306	21,004,306
Accumulated losses		(46,035,110)	(45,834,678)
Total Equity		31,769,036	31,969,468

The accompanying notes form part of these financial statements

YELLOW ROCK RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2011

	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
Balance at 1 July 2010	56,799,840	(36,676,106)	20,995,148	41,118,882
Loss for period	-	(9,247,269)	-	(9,247,269)
Total comprehensive loss for period	-	(9,247,269)	-	(9,247,269)
Cost of share based payments	-	-	9,158	9,158
Balance at 31 December 2010	56,799,840	(45,923,375)	21,004,306	31,880,771
Balance at 1 July 2011	56,799,840	(45,834,678)	21,004,306	31,969,468
Loss for period	-	(200,432)	-	(200,432)
Total comprehensive loss for period	-	(200,432)	-	(200,432)
Balance at 31 December 2011	56,799,840	(46,035,110)	21,004,306	31,769,036

The accompanying notes form part of these financial statements

YELLOW ROCK RESOURCES LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2011

	Consolidated 31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities		
Receipts from R&D claim	268,218	-
Payments to suppliers and employees	(322,358)	(622,143)
Interest received	83,173	107,830
Expenditure on mining interests	(11,870)	-
Net cash from/ (used in) operating activities	17,163	(514,313)
Cash flows from investing activities		
Payment for property, plant & equipment	(8,703)	-
Expenditure on mining interests	(309,681)	(181,350)
Net cash (used in) investing activities	(318,384)	(181,350)
Net (decrease) in cash held	(301,221)	(695,663)
Cash at beginning of the half-year	3,035,271	4,128,239
Cash at end of the half-year	2,734,050	3,432,576

The accompanying notes form part of these financial statements

YELLOW ROCK RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Yellow Rock Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New and Revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

2. DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

	31 December 2011 \$	30 June 2011 \$
Exploration and evaluation phase – at cost	29,095,516	28,676,538
Movement		
Balance at beginning of half-year	28,676,538	
Expenditure incurred	418,978	
Expenditure written off	-	
Impairment	-	
Total deferred exploration expenditure	29,095,516	

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

YELLOW ROCK RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

3. ISSUED CAPITAL

	31 December 2011 \$	30 June 2011 \$
Issued Capital		
Ordinary shares – fully paid	56,791,840	56,791,840
Ordinary shares – partly paid	8,000	8,000
	56,799,840	56,799,840
Movement in ordinary shares on issue	Number	\$
(i) Ordinary shares – fully paid		
Balance at beginning of half-year	319,026,205	56,791,840
Movement	-	-
Balance at end of half-year	319,026,205	56,791,840
(ii) Ordinary shares – partly paid (\$0.0389 unpaid)		
Balance at beginning of half-year	80,000,000	8,000
Movement	-	-
Balance at end of half-year	80,000,000	8,000
Total issued and paid-up shares	399,026,205	56,799,840

4. SEGMENT INFORMATION

The consolidated entity has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is mineral exploration within Australia.

5. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

6. DIVIDENDS

No dividends have been declared or paid during the half year ended 31 December 2011 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half year ended 31 December 2011.

YELLOW ROCK RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2011

7. EVENTS SUBSEQUENT TO REPORTING DATE

Since balance date, the following key events have occurred:

- 23 February 2012, the Company issued 200,000,000 options with nil consideration, which was approved by the shareholder on 29 November 2011. The option is exercisable at 2.5 cents on or before 31 December 2014. The funds raised from the exercise of the options will be used to fund the Company's future exploration activities.

Apart from the above, there are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Yellow Rock Resources Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Sydney Chesson
Chairman

Perth, 13 March 2012

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
YELLOW ROCK RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Yellow Rock Resources Limited which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Yellow Rock Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM Bird Cameron Partners

Chartered Accountants

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Yellow Rock Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Yellow Rock Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

David Wall

DAVID WALL
Partner

Perth, WA
Dated: 13 March 2012