



# **Yellow Rock Resources Limited**

ACN 116 221 740

## **Half Year Report**

31 Decemeber 2012

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# Contents

Corporate Directory	2
Directors Reports	3
Auditor's Independence Declaration	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Directors' Declaration	20
Independent Audit Report	21

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## Corporate Directory

### Directors

Sydney Chesson (Chairman)

Brenton Lewis

Leslie Ingraham

### Secretary

Simon Chesson

### Registered Office

420 Newcastle Street

West Perth WA 6005

### Principal Office

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West Perth WA 6005

### Telephone

08 9227 6300

### Facsimile

08 9227 6400

### Share Registry

Computershare Investor Services Pty Ltd

Level 2

45 St George's Terrace

Perth WA 6000

Telephone 08 9323 2000

Facsimile 08 9323 2000

### Auditors

Abbott Solutions

3 Alvan Street

Mt Lawley WA 6050

### Australian Securities Exchange

Yellow Rock Resources Limited shares (YRR) and options (YRROA) are listed on the Australian Securities Exchange.

# Directors Report

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2012. This report should be read in conjunction with the 2012 Annual Report and announcements. 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:

Leslie Ingraham (Executive Director)

Sydney Chesson (Chairman)

Brenton Lewis (Non-Executive Director)

## DIRECTORS

The net loss for the half year attribute to members of Yellow Rock Resources Limited was \$339,356 (31 December 2011 – loss of \$200,433). The loss for the period included an allowance for impairment on capitalised exploration and evaluation of \$nil (31 December 2011: \$nil).

## HIGHLIGHTS

- New Palaeo – Channel discovery from modelling of HELITEM survey at Gabanintha.
- Conductive target found in Fugro HELITEM interpretation enhances prospectivity for significant copper and / or gold discovery.
- Induced Polarization (IP) program targeting Copper & Gold.
- Nowthanna Hill Uranium Resource confirmed at 3.06 MT.

## GABANINTHA HELITEM GEOPHYSICAL DATA MODELLING

As a result of the helicopter-borne Time domain Electromagnetic and Magnetic Survey (HELITEM) on the Gabanintha and Nowthanna Hill Tenements YRR has engaged Fugro Airborne Services Pty Ltd (Fugro) geophysicists to model the electro-magnetic responses.

The HELITEM survey covered the entire area of the YRR Gabanintha and Nowthanna tenements and was completed by Fugro over 537 line kilometres with flight paths at 150 metres apart.

This technique is capable of providing indications of deeper profiles of the known and potential mineralised bodies by modelling the magnetic and electro-magnetic responses.

Data from the modelling of the HELITEM survey interpretation by Fugro geophysicists was successful in showing a much larger and deeper magnetite orebody than that already identified by past drilling programs. (See YRR announcement of 30th May 2012)

In addition to ore deposit modelling from the HELITEM survey, Fugro geophysicists were able to model near-surface features from the large volume of data generated. Conductivity of oxidised bedrock has a different geophysical response to transported or near-surface features such as calcrete, floodplain sands and silts, alluvium, laterite and palaeo-channels.

### Palaeo - Channels

Figure 1 below shows modelled features from the conductivity depth data interpreted to be channels lying

# Directors Report

above the bedrock and trending NE-SW. This indicates that there is a significant volume of material that probably represents an ancient channel draining towards the southwest across the strike of the Gabanintha orebody and towards newly - acquired tenement E51/1529.

The typical conductivity model profile is shown below on Figure 1 where an interpreted channel is clearly demonstrated in cross section (within red ellipse) and appears to be over 100m deep.

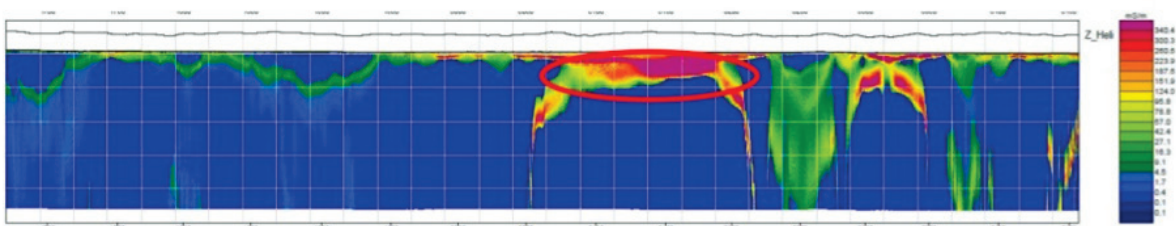


Figure 1 - Conductivity Depth Image (CDI) of a palaeo channel at Gabanintha in cross section.

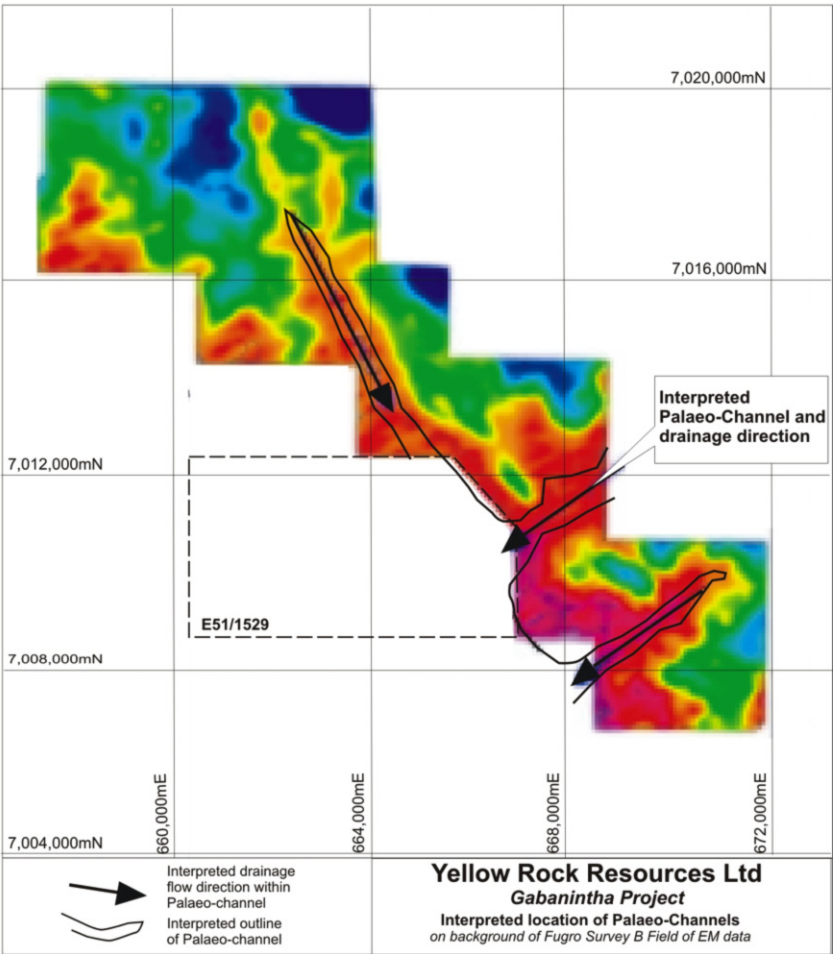


Figure 2 - Demonstrates the orientation and location of the interpreted channels as interpreted from the Fugro Electro-Magnetic (EM) B-Field data.

## Directors Report

The EM responses modelled for the Gabanintha channel structures are similar to known uranium-bearing palaeo - channels previously modelled by Fugro where saline water, hygroscopic clays and calcretes are also present.

There is potential here for these palaeo - channels to have accumulated uranium, which may be precipitated in clays, calcretes and silts when meeting a suitable environment rich in vanadium and iron typified by the Gabanintha iron-titanium-vanadium deposit.

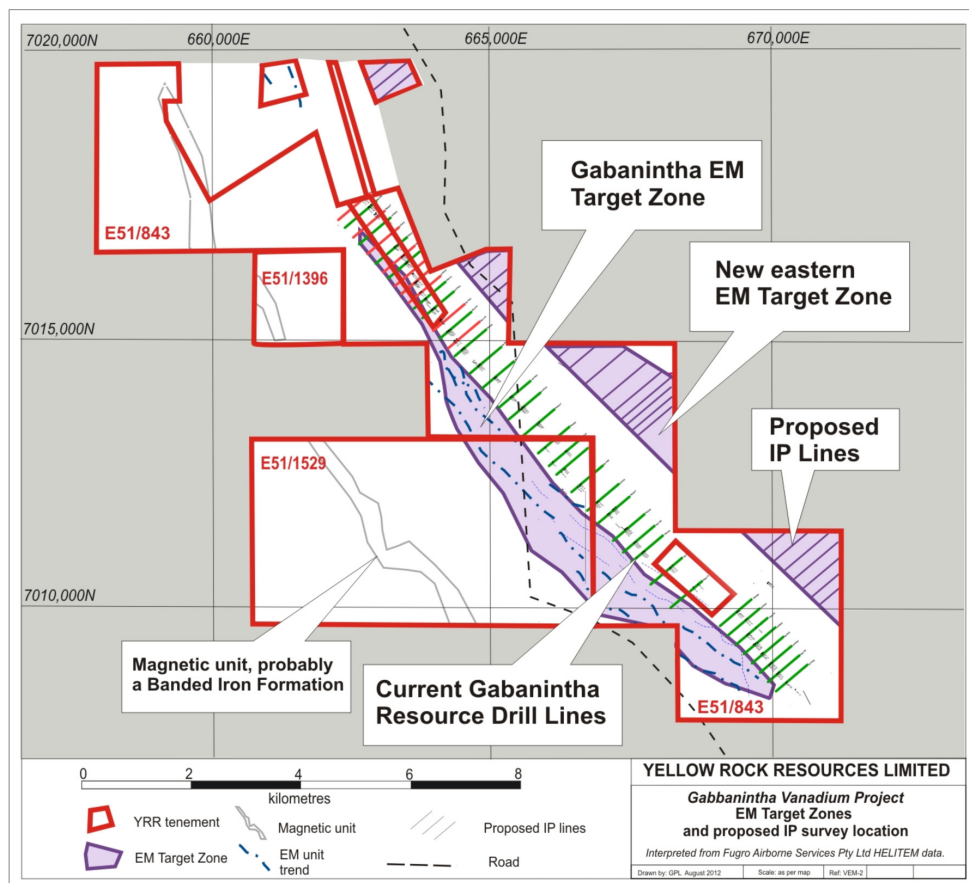
The Fugro palaeo - channel model remains to be confirmed by a drilling program.

### NEW EM TARGET ZONE DISCOVERED EAST OF GABANINTHA DEPOSIT

Modelling of the helicopter-borne Time domain Electromagnetic and Magnetic (HELITEM) survey at Gabanintha by Fugro geophysicists has led to the identification of a new EM zone parallel to, and about one kilometre northeast of, the Gabanintha deposit.

It is believed that the EM target zone is extensive (along the length of the tenement) and variable in depth and dip, as well as intensity. Some of the modelling shows a northeast dipping zone which may be spatially related to the ultramafic/basalt contact.

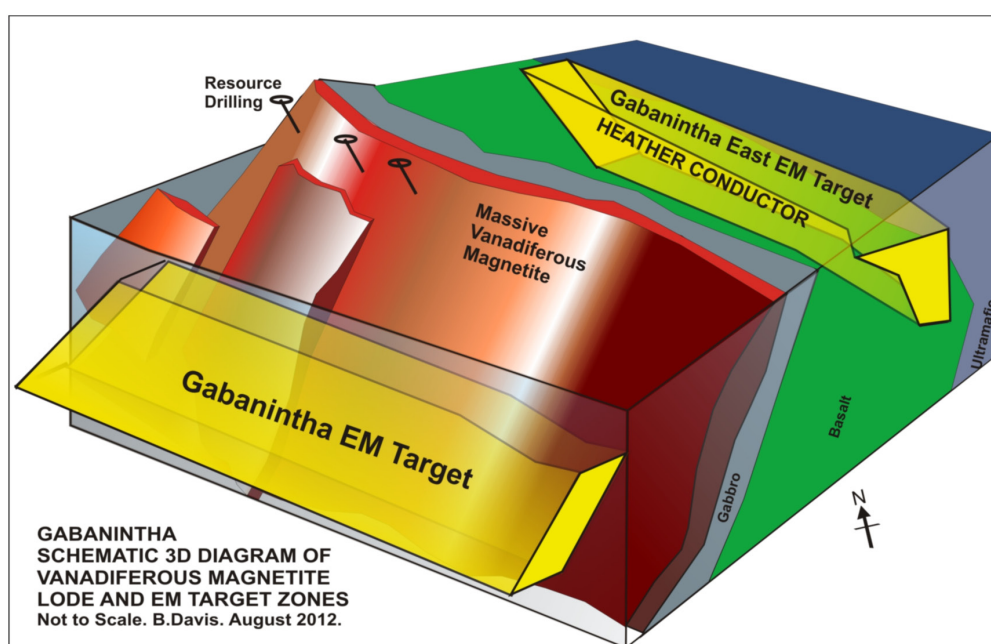
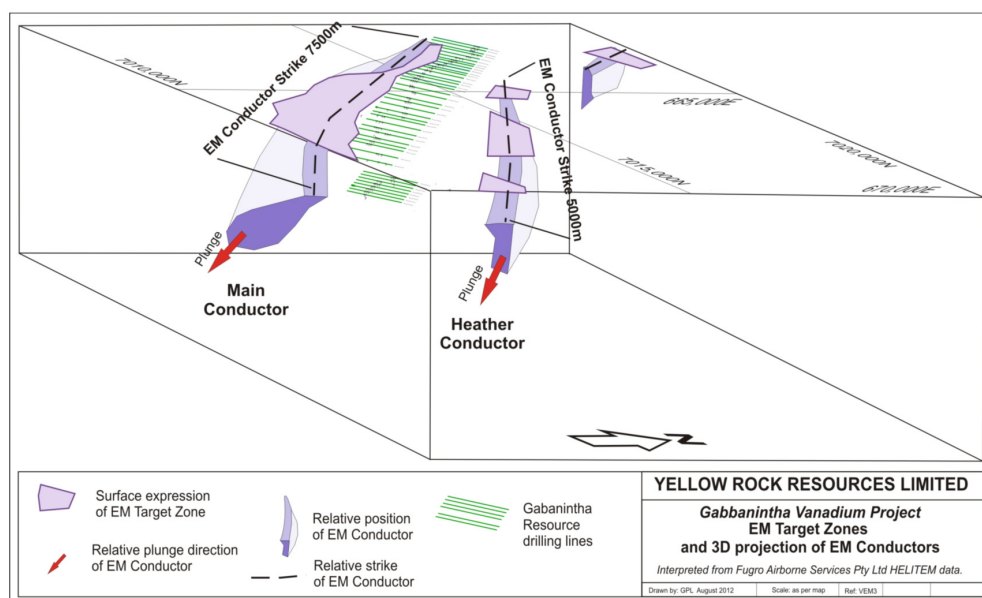
Further modelling will be completed on this new feature and surface IP surveys are planned so that specific areas can be investigated by drilling. See Figure 3.



**Figure 3** - Plan showing location of new eastern EM target zone.magnetic units showing drill hole locations

## Directors Report

There are two distinct large conductors at Gabanintha, one in the southwest down-dip from the Gabanintha resource and a new conductor, the Heather conductor, to the northeast. The former has approximately 7.5 kilometres of strike and the latter about 5 kilometres. Both conductors plunge to the south and have variable dips. Whereas the main conductor has an average dip of 50 degrees or less to the southwest, the Heather conductor appears to vary from 30 degrees to 70 degrees dip northeast. As can be seen in the orthographic projection on Figure 4 and the schematic on Figure 5, the Heather conductor is separated from the main conductor by about one kilometre and is untested by drilling.





## Directors Report

### IP PROGRAM OVER THE NEW EM TARGET ZONE DISCOVERED EAST OF GABANINTHA DEPOSIT

Modelling of the helicopter-borne Time domain Electromagnetic and Magnetic (HELITEM) survey at Gabanintha by Fugro geophysicists has led to the identification of a new EM zone parallel to, and about one kilometre east of, the Gabanintha FeTiV magnetite JORC deposit.

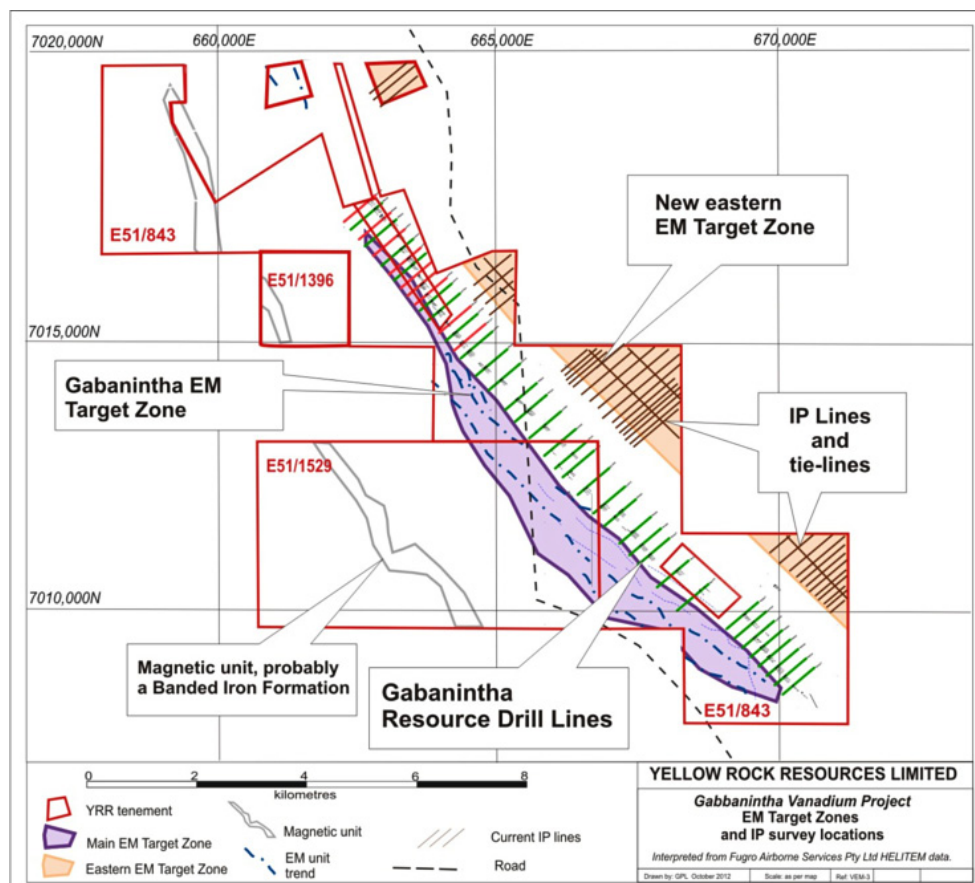
It is believed that the EM target zone is extensive (along the length of the tenement) and variable in depth and dip, as well as intensity. Some of the modelling shows a west dipping zone which may be spatially related to the ultramafic/basalt contact.

Previous modelling of the HELITEM survey interpretation by Fugro geophysicists was successful in showing a much larger and deeper magnetite orebody than that already identified by past drilling programs. (See YRR announcement of 30th May 2012).

In addition to ore deposit modelling from the HELITEM survey, palaeo-channels were identified. (See YRR announcement of July 2012)

In order to complete further modelling on this new eastern EM feature surface IP surveys are being conducted. Approximately 35 IP survey lines in a NE orientation and four tie-lines parallel to strike are now being completed by Fugro field crews. This involves over 750 field measurement stations. The surface IP lines are shown on Figure 6.

IP is recognised as a method by which drill targets can be better defined, prior drilling, with the potential to provide considerable saving in drilling costs.



**Figure 6 - New Eastern EM Target Zone and planned IP Survey lines.**



## Directors Report

### NOWTHANNA HILL URANIUM RESOURCE CONFIRMED AT 3.06 MT

The Nowthanna Hill Uranium Project is situated approximately 47 kilometres south east of Meekatharra and is accessible via the Great Northern Highway (bitumen) and the Sandstone Road.

The project consists of tenement application M51/771 which covers a portion of the calcrete palaeochannel within the Quinn's Lake inland drainage. This same palaeochannel and lake contains the calcrete-hosted uranium deposits at Nowthanna and Nowthanna South owned by Toro Energy Ltd.

The geological setting of the Nowthanna Hill Uranium Project is an inland drainage landscape of alluvial and eluvial deposits of Tertiary, Quaternary and Recent age. These minerals are developed from extensive weathering and leaching of the nearby Archaean mafic and ultramafic rocks high in vanadium and the uranium-bearing granite domes. Continual degradation and pediment formation of the landscape has resulted in the formation of alluvial drainage channels, lake sediments and extensive regional sheet wash. Within these alluvial channels and lacustrine sediments, carbonate-rich horizons known as calcretes become the favoured surfaces for uranium mineral precipitation.

The processes of formation of uraniferous calcretes are complex and dependent upon the following major factors:

- Available concentration of uranium salts and granite sources
- Available supply of vanadium salts (these act as a catalyst or reagent)
- Significantly mature inland drainage basin catchment
- Correct balance of salinity and pH to allow dissolution and re-precipitation of potassium, calcium, vanadium and phosphate salts that concentrate and contain the uranium minerals
- Long term fluctuations in the water table to allow periodic cycles of flooding and evaporation and thus re-precipitation and concentration of minerals

Uranium occurs in the form of the minerals carnotite (uranium, potassium vanadate) or more rarely, autunite (calcium, uranium phosphate). In the Nowthanna area uranium is concentrated at the interface between shallow calcrete units and lacustrine clays mainly less than 15m below surface. Hence all the defined resources are shallow. Under the microscope uranium is found within carnotite grains between 2 and 15 microns in diameter, either free or within calcite and associated with quartz and clays. In some areas the uraniferous deposits are associated with gypsum (calcium sulphate) common to the salt lake environment.

The reviewed data from previous work by Dominion Mining Ltd and Acclaim Uranium NL shows that there is a high grade uranium deposit between 1 metre and 7 metres beneath surface and varying in thickness from 1 to 2 metres over a strike distance of 2 kilometres. The mineralisation is within carnotite (uranium-potassium vanadate) associated with lacustrine clays.

The extent of the shallow uranium deposit as defined by Acclaim Uranium NL (see Figure 7) was modeled by Snowden & Associates in 1998 as follows:

Lease	Category	Tonnes	Grade	Contained Tonnes
M51/771 (YRR)	Indicated Resource	3,059,000	0.437 kg/t U <sub>3</sub> O <sub>8</sub>	1,337 U <sub>3</sub> O <sub>8</sub>
E51/776	Indicated Resource	7,309,451	0.450 kg/t U <sub>3</sub> O <sub>8</sub>	3,289 U <sub>3</sub> O <sub>8</sub>

## Directors Report

The Department of Mines and Petroleum (DMP) has a resource figure for YRR Nowthanna deposit quoted below:

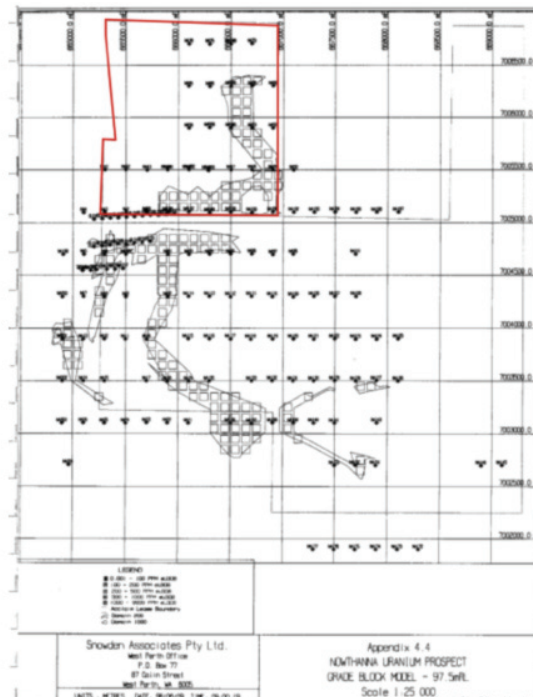
Lease	Category	Tonnes	Grade	Contained Tonnes
M51/771 (YRR)	Indicated Resource	2.98MT	0.423 kg/t $U_3O_8$	1,261 $U_3O_8$

This was derived by subtraction from the latest quoted Toro Energy Ltd figure (derived from Defiance Mining NL) and is similar to the Snowden figure of 1998. However recent work has confirmed that the more accurate resource is that quantified by Acclaim at 3.059MT that was derived from the original block volumes. The Acclaim resource was estimated from 68 Air Core holes (12 to 15m deep) for 1052 metres and grade was tested by assay as well as radiometric logging. A 0.75kg/t lower cutoff was used and a bulk density of 1.5 for resource block estimation.

Refer to WAMEX reports A54794 (Acclaim 1998) and A58248 (Acclaim 1999).

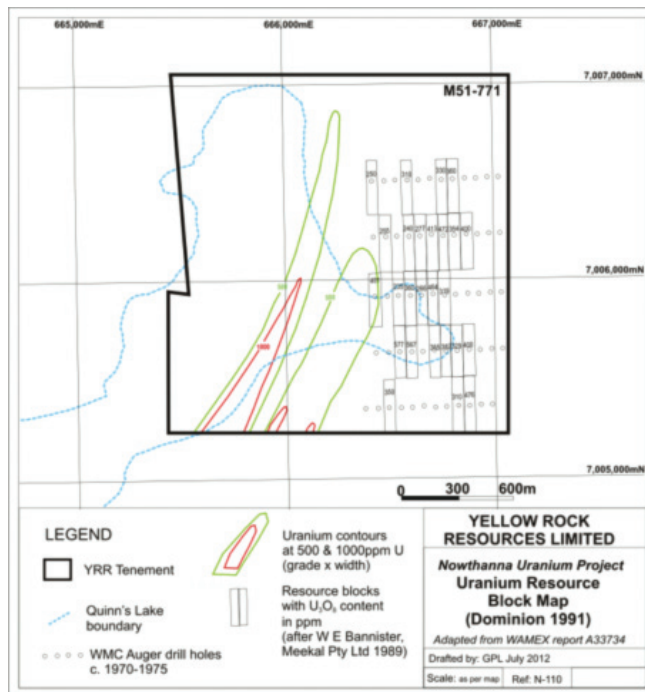
Additional exploration potential of Nowthanna is considered very good due to the fact that:

- Western Mining Corporation in the 1970s drilled some deeper RC holes into bedrock and found Archaean mafics and schists. The available reports do not detail whether any assays for gold or base metals were completed.
- Exploration drilling and sampling on much of the lease has been shallow and focused on calcrete layers only.
- The western part of the tenement was not completely covered by drilling, although known to have a good uranium response (from work by Dominion Mining Ltd in 1991 (see Figure 8)
- There is limited geochemical data for elements other than uranium (for example the Acclaim report mentions possible strontium and some microscope calcrete samples contained gold and tellurium)



**Figure 7** - Example of Block Model Flitch 97.5 mRL by Acclaim Uranium NL 1998.  
The red tenement outline is the current YRR holding.

## Directors Report



**Figure 8** - Dominion Resource Blocks and grade contours in 1991.

## Directors Report

### Competent Person's Statement

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

Mr 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.

Mr 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 2012 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 him, in the form and context in which it appears".

### 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 final 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 2012 is included within this financial report.

On behalf of the Directors



**Sydney Chesson**

Chairman

Perth, 15 March 2013

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**GRAEME WOVODICH**  
**ABBOTT AUDIT SERVICES PTY LTD**

(ACN. 151 015 002)  
3 ALVAN STREET MOUNT LAWLEY WA 6050  
P O BOX 42 MOUNT LAWLEY  
Phone (08) 9272 8611 Fax (08) 9272 3509  
Professional Accountants & Auditors

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001  
TO THE DIRECTORS OF YELLOW ROCK RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31<sup>st</sup> December 2012 there has been:

- i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

GRAEME WOVODICH, C.P.A.



Registered Company Auditor No. 13421

Dated this 15 day of March 2013

# Statement of Comprehensive Income

for the half year ended 31 December 2012

		Consolidated	
		31 Dec	31 Dec
		2012	2011
	Notes	\$	\$
<b>Revenue</b>			
Revenue		27,756	78,770
		<b>27,756</b>	<b>78,770</b>
<b>Expenses</b>			
Exploration and evaluation expenditure		27,719	11,870
Depreciation		2,387	-
Directors fees and benefits expenses		174,990	149,237
Shared based payment		-	-
Impairment of mineral interest		-	-
Other expenses		162,016	118,096
<b>Loss before income tax expenses</b>		<b>367,113</b>	<b>279,203</b>
<b>Net Loss for Year</b>		<b>(339,356)</b>	<b>(200,433)</b>
Other Comprehensive Income		-	-
Other Comprehensive Income for the year, net of tax		-	-
<b>Total Comprehensive Income attributable to members of Yellow Rock Resources Ltd</b>		<b>(339,356)</b>	<b>(200,433)</b>
<b>Basic/ diluted earnings per share</b>		<b>(0.08)</b>	<b>(0.06)</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

as at 31 December 2012

		Consolidated	
		31 Dec	30 June
		2012	2012
	Notes	\$	\$
<b>Assets</b>			
Current Assets			
Cash and cash equivalent		1,116,850	1,468,817
Trade and other receivables		2,176,665	154,361
<b>Total Current Assets</b>		<b>3,293,515</b>	<b>1,623,178</b>
<b>Non-Current Assets</b>			
Trade and other receivables		18,611	18,611
Investments accounted for using the equity method		-	-
Plant and equipment		16,272	22,010
Deferred exploration expenditure	2	24,057,491	23,958,614
<b>Total Non-Current Assets</b>		<b>24,092,373</b>	<b>23,999,235</b>
<b>Total Assets</b>		<b>27,385,888</b>	<b>25,622,414</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and Other Payables		2,953	59,372
<b>Total Current Liabilities</b>		<b>2,953</b>	<b>59,372</b>
<b>Total Liabilities</b>		<b>2,953</b>	<b>59,372</b>
<b>Net Assets</b>		<b>27,382,935</b>	<b>25,563,041</b>
<b>Equity</b>			
Issued capital	3	59,499,090	57,339,840
Reserves		22,544,306	22,544,306
Accumulated Losses		(54,660,461)	(54,321,105)
<b>Total Equity</b>		<b>27,382,935</b>	<b>25,563,041</b>



## Statement of Changes in Equity

for the half year ended 31 December 2012

	Issued Capital \$	Consolidated Accumulated Losses	Other Reserves	Total \$
Balance as at 1 July 2011	56,799,840	(45,834,678)	21,004,306	31,969,468
Cash and cash equivalent				
Trade and other receivables	-	(200,433)	-	(200,433)
<b>Total Current Assets</b>		<b>(200,433)</b>	<b>-</b>	<b>(200,433)</b>
Cost of share based payments	-	-	-	-
<b>Balance as at 31 December 2011</b>	<b>56,799,840</b>	<b>(46,035,110)</b>	<b>21,004,306</b>	<b>31,769,036</b>
Balance as at 1 July 2012	59,499,090	(54,321,105)	22,544,306	27,722,291
Loss for period	-	(339,356)	-	(339,356)
<b>Total comprehensive loss for period</b>		<b>(339,356)</b>		<b>(339,356)</b>
Cost of share based payments	-	-	-	-
<b>Balance as at 31 December 2012</b>	<b>59,499,090</b>	<b>(54,660,461)</b>	<b>22,544,306</b>	<b>27,382,935</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flow

for the half year ended 31 December 2012

		31 December	31 December
		2012	2011
	Notes	\$	\$
<b>Cash Flow from Operating Activities</b>			
Receipts from customers		136,947	268,218
Payments to suppliers and employees		(395,813)	(322,358)
Interest received		27,756	83,173
Expenditure on mining interests		(27,719)	(11,870)
<b>Net Cash Flow from Operating Activities</b>		<b>(258,829)</b>	<b>17,163</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant & equipment		5,738	(8,703)
Expenditure on mining interests		(98,876)	(309,681)
<b>Net cash used in investing activities</b>		<b>825,205</b>	<b>3,054,943</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	-
Payment of capital raising costs		-	-
<b>Net Cash Inflow (Outflow) from Financing Activities</b>		<b>-</b>	<b>-</b>
Net Increase in Cash Held		(351,967)	(301,221)
Cash at beginning of the financial year		1,468,817	3,035,271
<b>Cash at the End of the Period</b>		<b>1,116,850</b>	<b>2,734,050</b>

# Notes to the Financial Statements

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2012 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 2012 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

		31 December 2012	30 June 2012
	Notes	\$	\$
<b>Deferred exploration expenditure</b>	<b>2</b>		
Expenditure brought forward		23,958,613	28,676,538
Tenement acquisition		-	690,000
Tenements acquired from acquisition of controlled entity		-	-
Allowance for impairment		-	(6,386,574)
Expenditure incurred during the year		98,877	978,650
Expenditure written off during year		-	-
<b>Expenditure carried forward</b>		<b>24,057,491</b>	<b>23,958,613</b>

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest, at amounts at least equal to book value.

## Notes to the Financial Statements

### 3. ISSUED CAPITAL

	Notes	31 December 2012 \$	30 June 2012 \$
<b>Issued Capital</b>	<b>3</b>		
<b>Cash Flows from Financing Activities</b>	<b>3(a)</b>		
Ordinary shares - fully paid		57,331,840	57,331,840
Ordinary shares - partly paid		3,106,500	8,000
		<b>60,438,340</b>	<b>57,339,840</b>

On 5 June 2012, the Company made a call to all partly paid shareholders for the amount of \$800,000, being \$0.01 against the balance of \$0.0389 owing per share. See announcement on 8 June 2012.

<b>Movement in ordinary share in issue</b>	<b>3(b)</b>		
(i) Ordinary share - fully paid			
Balance at beginning of year		349,026,205	57,331,840
Movement		-	-
<b>Balance at end of year</b>		<b>349,026,205</b>	<b>57,331,840</b>
(ii) Ordinary share - partly paid (\$0.0389 unpaid)			
Balance at beginning of year		80,000,000	8,000
Movement		-	2,159,250
<b>Balance at end of year</b>		<b>80,000,000</b>	<b>2,167,250</b>

### 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 2012 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 2012..

## Notes to the Financial Statements

### 7. EVENTS SUBSEQUENT TO REPORTING DATE

Since balance date, the following key events have occurred:

- The Company issued 30,000,000 options with nil consideration, which was approved by the shareholders on 30 November 2012. 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. As per announcement 4 February 2013.

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.

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## 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 2012 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, 15 March 2013

# GRAEME WOVODICH

## ABBOTT AUDIT SERVICES PTY LTD

(ACN. 151 015 002)

3 ALVAN STREET MOUNT LAWLEY WA 6050

P O BOX 42 MOUNT LAWLEY

Phone (08) 9272 8611 Fax (08) 9272 3509

Professional Accountants & Auditors

### **Independent Auditor's Report to the Members of Yellow Rock Resources Limited**

We have audited the accompanying half-year financial report of Yellow Rock Resources Limited, which comprises the balance sheet as at 31<sup>st</sup> December 2012, the income statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### ***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



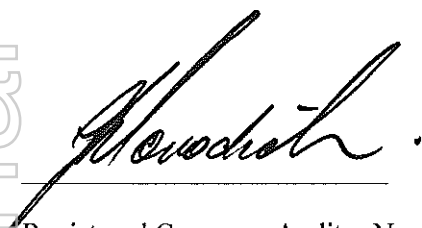
### *Independence*

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

### *Auditor's Opinion*

A review of a half-year financial report consists of making enquires, 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.

GRAEME WOVODICH, C.P.A.



Registered Company Auditor No. 13421

Dated this *15* day of *March* 2013

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