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YELLOW ROCK RESOURCES LIMITED
A.C.N. 116 221 740

ANNUAL REPORT

30 JUNE 2010

CORPORATE DIRECTORY

DIRECTORS

Edward Saunders (Chairman)
Brenton Lewis
Gary Stokes

SECRETARY

Catherine Anderson

REGISTERED OFFICE

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West Perth WA 6005

PRINCIPAL OFFICE

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West Perth WA 6005

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SHARE REGISTRY

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Level 2
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Perth WA 6000

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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 Australian Securities Exchange.

CORPORATE

During the year, the company:

- completed a placement of 110,500,000 ordinary fully paid shares (“Shares”), together with 110,500,00 free attaching options exercisable at 7 cents each on or before 30 September 2012 (“Options”), at an issue price of 3.9 cents each, raising \$4,309,500; and
- completed a placement of 80,000,000 partly paid shares at an issue price of \$0.0001 each to raise \$8,000 (before expenses of the issue). The partly paid shares will be convertible to ordinary fully paid shares in the capital of the Company on payment of a further \$0.0389 per partly paid share, raising an additional \$3,112,000.

OPERATIONS OVERVIEW

Gabanintha Vanadium Iron Titanium Project, Western Australia

The Gabanintha Vanadium/Iron/Titanium Project is located 43 kilometres south east of Meekatharra, Western Australia.

Summary highlights during the year included:

- Diamond drilling programme completed
- Current resource is 151mt at 0.62% V₂O₅ to 100m vertical depth
- Niton XRF analysis of diamond drill core undertaken
- Results from the Niton XRF analysis indicated the Vanadium mineralisation to persist with depth well below the existing resource model
- Results promote the vertical depth of the mineralisation from 100 metres to 200 metres
- Information for the Niton XRF will be integrated into an updated resource statement
- XRF defines diamond core samples for necessary metallurgical testing as the company progresses towards feasibility studies
- Independent concept study of the Gabanintha Project provides confidence towards project advancement
- High grade concentrate (1.3% to 1.6% V₂O₅) suitable for a vanadium roast-leach plant, produced by magnetic separation
- Grades as high as 1.5 V₂O₅ (GRC025, 45-46m) produced for drill samples of massive ore
- High grade “oxidised” ore from a surface bulk sample produced a concentrate suitable for vanadium extraction by simple crushing and screening
- SRK Consulting Pty Ltd appointed to conduct a geological resource update, evaluation and technical assessment.

During the year, the Company completed a diamond drilling programme and concept study on the Gabanintha Vanadium Project.

Vanadium Exploration:

The diamond drilling programme’s aim was to define down dip extensions to the currently known resources as well as obtain core for both density measurements as well as metallurgical testwork. The exploration target for the Gabanintha diamond program was to define inferred resources to some 200m deep (c.f. 100m currently) and look at the possible extension to the hanging wall zone.

Results of a Niton XL3t X-ray Fluorescence (Niton)¹ study of diamond core collected in the drill program was received in the fourth quarter. The drilling was targeted within, and beneath, the existing resource to extend the resource at depth and to provide metallurgical sample.

Summary Niton results (tabulated below) support the continuity of vanadium mineralisation at depth, promoting the resource from a vertical depth of 100 metres to near 200 metres. Whilst the Company believes that these readings are indicative of grade, the Company wishes to make clear that the Niton results are not formal assays and are an estimate of V grades only.

The Company is sufficiently encouraged by the results to prepare core samples for formal assay and validation of the Niton’s performance, prior to remodelling the resource. It will also commit to a new program of metallurgical test work.

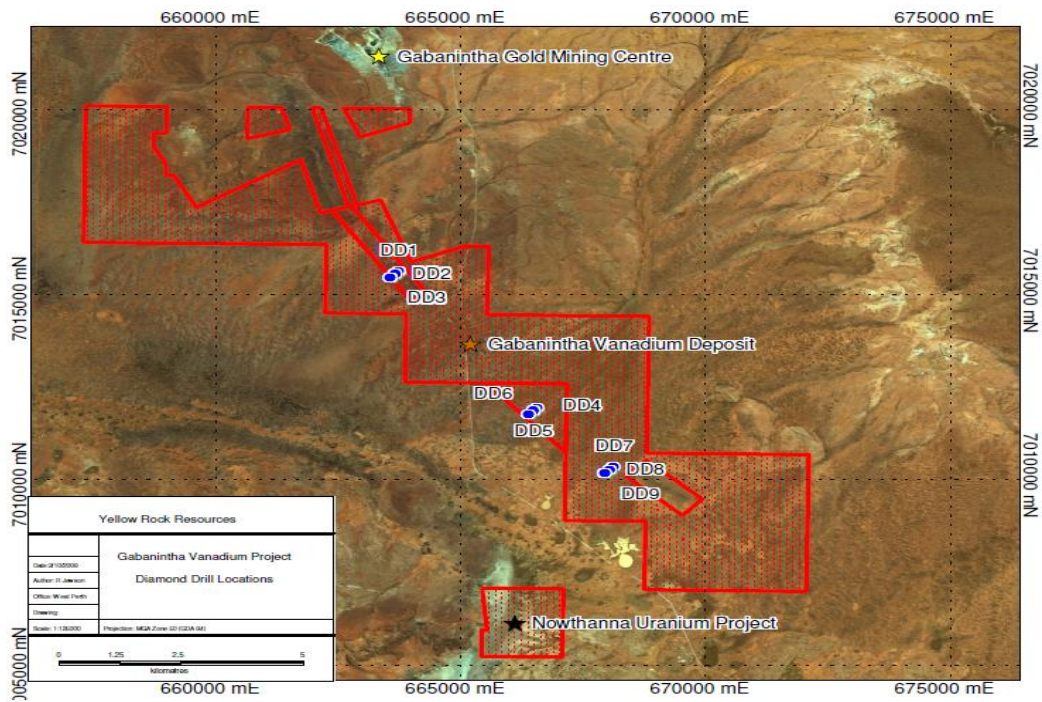
¹ The Niton is a calibrated hand-held quantitative micro-analyser capable of delivering real time results which can accelerate geological understanding and define zones of metallurgical and geochemical interest. The instrument, as used in this exercise, was for the real time confirmation of the vanadium distribution. It was not meant to define resources to reportable standards. For reliable and reportable results the instrument limitations need to be understood and proper checks including standards and check assays must be performed.

Results

Each hole was submitted for XRF analysis. At least 2, generally 3 (start, middle and end) and as many as 7 measurements were taken per metre stick of core and the results averaged. In places, such as outside ore zones, single point measurements were taken. The following table summarises intervals exceeding 5000 ppm V, with its accompanying Fe and Ti.

Drill Hole	From	To	Interval	Fe %	V %	Ti %
GDH 901	41	53	12	40.02	0.74	6.49
GDH 902	98	112	14	41.15	0.59	5.46
GDH 903	195	208	13	38.15	0.52	4.38
GDH 904	33	46	13	42.52	0.62	5.48
GDH 905	29	36	7	38.47	0.51	4.14
GDH 905	102	127	25	38.96	0.50	4.30
GDH 906	221	223	2	38.46	0.65	5.43
GDH 907	38	49	11	42.01	0.54	4.52
GDH 908	111	117	6	42.06	0.53	4.66
GDH 909	202	209	7	47.02	0.62	5.41

Figure 1: Diamond Drilling Location Plan



Gabaintha Concept Study:

During the year, an independent concept study involving metallurgical testing and research on the Gabaintha Vanadium ore body was completed. Prior drilling has defined a substantial high grade vanadium/iron ore/titanium resource. The deposit consists of a zone of massive, high grade vanadium and a zone of disseminated mineralisation. The massive zone comprises 69.6 Mt @ 0.87% V₂O₅, 38.1% Fe and 10.3% TiO₂, whilst the disseminated zone comprises 69.8 Mt @ 0.40% V₂O₅, 21.9% Fe and 5.7% TiO₂.

Table 1: JORC Resources

		Million Tonnes	V ₂ O ₅ %	TiO ₂ %	Fe%
High Grade	measured	32.5	0.9	10.4	38.3
	indicated	23.7	0.8	9.8	36.9
	inferred	13.4	0.9	10.8	39.7
	Sub-total	69.6	0.9	10.3	38.1
Low Grade	measured	53.9	0.4	5.6	21.6
	indicated	9.7	0.4	5.8	22.7
	inferred	6.2	0.4	5.8	22.6
	Sub-total	69.8	0.4	5.7	21.9
Scree	measured	8.3	0.4	4.9	22.1
	indicated	1.2	0.3	4.4	19.6
	inferred	2.3	0.7	7.5	34.2
	Sub-total	11.8	0.4	5.4	24.2
Total	measured	94.7	0.56	7.21	27.4
	indicated	34.6	0.69	8.52	32.4
	inferred	21.9	0.74	9.02	34.3
	Total	151.2	0.6	7.8	29.5

Battery Limits Pty Ltd, a leading Perth based metallurgical and process development firm, was commissioned to prepare the Concept Study. The study included the review of all previous test work (Lakefield Orestest Pty Ltd, 2004), a new metallurgical testwork program (undertaken by Ammtec Ltd), benchmarking of the project against other vanadium projects, and preparation of a marketing report.

The study showed a suitable concentrate can be prepared from each of the 3 key ore zones; whether massive, disseminated or scree, and that the beneficiation metallurgy is relatively simple.

Test Program; methods and results

Metallurgical tests were conducted on samples of RC chips taken from the earlier drilling program, and on bulk surface samples collected specifically for the Concept Study. The massive ore samples collected showed particularly high V₂O₅ grades of 1.46%, 1.19% and 1.25% for the scree (Hole GRC 61, 17m-21m), transition (Hole GRC 63, 78m-82m) and fresh material (Hole GRC 53, 107m-112m) respectively. The massive oxidised surface sample collected assayed 1.3% V₂O₅.

Testwork has indicated that both the transitional and fresh massive and disseminated ores are amenable to magnetic beneficiation, producing a high grade concentrate (1.3% to 1.6% V₂O₅) suitable for feed to a vanadium roast-leach plant. Furthermore, simply crushing and screening the massive high grade vanadium “oxidised” ores, and discarding the fines, is sufficient to produce a concentrate suitable for vanadium extraction.

The Company is pleased with the outcome of the Concept Study. Given the likelihood of further mine and processing optimisation, the potential for improvement in the size and grade of the resource and the high quality of the concentrates being achieved from simple beneficiation, the Company has confidence in the future of the Gabaintha project.

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COMPANY REVIEW

Geological Resource Update:

The Company has appointed SRK Consulting Pty Ltd ("SRK") to conduct a geological resource update, evaluation and technical assessment.

The principle objective of the study being undertaken by SRK is to provide a staged work program to culminate in an updated resource statement and technical assessment. The two stages of the project are defined as:

1. An initial technical review leading to an assessment of the project data requirements and providing recommendations for necessary work programs; and
2. Undertaking a new resource estimate for the deposit.

The comprehensive assessment includes but is not limited to:

- A review of both recent and historical exploration activities;
- A review of the recently completed Concept Study;
- Selection of samples from the recent diamond drilling for assay and metallurgical testwork;
- A review and update of the geological database;
- An update of the geological resource model, and an updated resource statement; and
- A technical assessment for the project.

Turners Dome Project, Northern Territory

During the year, the Company commenced a field exploration program focussing on the Uranium potential of its Turner's Dome tenement, E25426, which straddles the contact between the Arunta Block and the Ngalia Basin in the Northern Territory. The Turner's Dome tenement lies directly north of the high grade Bigrlyi Uranium deposit managed by Energy Metals Ltd (ASX Code: EME) that has a resource of 20.6 Million pounds of U₃O₈ at 500ppm cut-off (refer EME announcement dated 15 May 2009), (see tenure map).

A completed review of the available geophysical and historical exploration records has produced several substantial exploration targets.

Following on from the review of available geophysical and historical exploration records which produced several substantial exploration targets, in June 2010 the Company commenced detailed field exploration on its Turners Dome tenement in the Tanami of the Northern Territory. A four man crew has conducted helicopter supported stream sediment sampling, rock chip sampling and sensitive MMI soil sampling over geophysically acquired targets in the tenement area, targeting gold, base metals and uranium mineralisation.

This marks a step up in previous exploration carried out on the tenement and is important as it tests areas that have had no previous modern exploration techniques applied to them.

Uranium Anomalies:

The Ngalia basin plays host to the Bigrlyi Uranium deposit along with other uranium occurrences, the basal formations of the basin outcrop in the Company's tenement immediately to the north of the Bigrlyi deposit. Repetitions of this mineralisation within this favourable rock unit will be investigated.

Analysis of the Radiometrics has highlighted a number of discrete uranium responses that warrant further investigation in the field.

A rock chip assay returned 2550ppm Uranium in a contiguous tenement in granite close to a major structure. Both the structure and the granite are interpreted to continue under cover into the Company's tenement.

Surficial uranium targets will be initially tested by means of both Scintillometer and portable XRF readings. Possible blind (under cover) targets will be tested with sensitive Mobile Metal Ion (MMI) soil sampling for Uranium, base and precious metals.

Surficial Gold-Copper Anomalism:

Numerous shallow historical workings have been identified. None of these have been explored by any modern systematic exploration methods. Detailed ground mapping and sampling of these workings will be conducted to establish the extent of mineralisation. Stream sediment sampling will be undertaken in the north-eastern sector of the tenement as no work has been done in this area and numerous base metal occurrences lie in adjacent tenements on either side.

Regional Geology:

E25426 straddles the contact between the Palaeoproterozoic to Mesoproterozoic Arunta Block and the Neoproterozoic to Early Carboniferous Ngalia Basin.

The oldest outcropping rocks in the Arunta Block are the Lander Rock Beds that consist of pelitic and psammitic schists and gneisses. The Patamungala Beds occur in the south of the project area and consist of tightly folded sandstone, siltstone and felsic volcanoclastic rocks. The Nicker beds consisting of metasediments and felsic metavolcanic rocks occur in the south west of the tenement area. In the eastern extents of the tenement, various granites of the Southwark Granitic Suite outcrop. The majority of the area is covered by recent sediments and drainage systems and drainage systems which obscure the bedrock geology and inhibit the radiometric response.

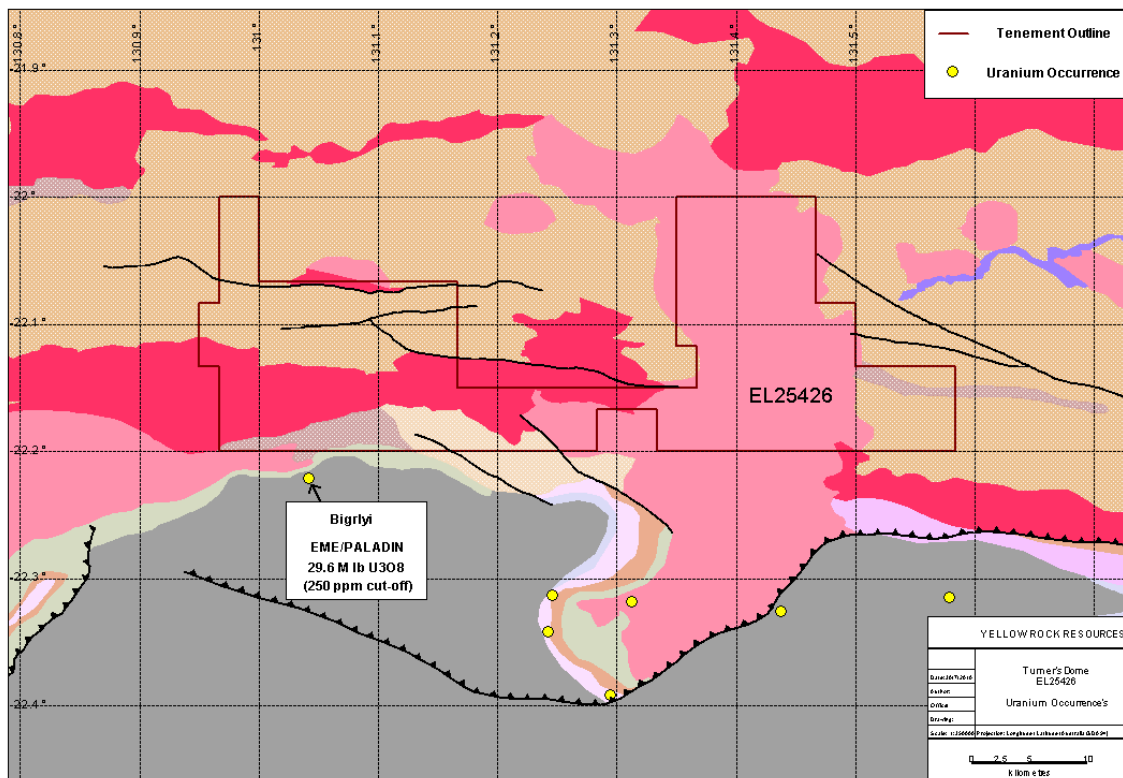
The intercartonic Ngalia Basin is approximately 300km long and 70km wide, and lies within the Northern Arunta Province of the Arunta Inlier, in central-south of the Northern Territory.

The Ngalia Basin rests unconformably on the Arunta Block and consists of varying thicknesses of conglomerates, quartzites, sandstones, siltstones and shales.

Uranium mineralisation of the Ngalia Basin is hosted in sedimentary channels, piedmont-style of carbonaceous arkoses located towards the base of the Mount Eclipse Sandstone.

Shallow cover of Recent to Quaternary sediments and wind-blown sands are common throughout the area and obscure to a large degree much of the geology and inhibits a radiometric response.

Turner's Dome Location Plan:



COMPETENT PERSON STATEMENT

Technical information in this report has been prepared under the supervision of Mr Jonathon King, a director of Weston Consultancy Group Pty Ltd, and a member of the Australian Institute of Geoscientists (AIG). Mr King has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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" (the JORC Code). Mr King consents to the inclusion in this report of the Information, in the form and context in which it appears.

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DIRECTORS REPORT

Your directors present their report on the company and its controlled entities for the year ended 30 June 2010.

DIRECTORS

The names of the directors of the company in office during the financial year and up to the date of this report are as follows:

Edward Saunders - appointed 15 July 2010
Gary Stokes - appointed 15 July 2010
Brenton Lewis - appointed 15 July 2010
Donald Valentino - resigned 30 April 2010
Rocco Schirripa - resigned 28 April 2010
Jeffrey Green - appointed 2 July 2009; resigned 15 July 2010
Catherine Anderson - appointed 28 April 2010; resigned 15 July 2010
Dean Gallegos - appointed 25 May 2010; resigned 6 September 2010

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each director are as follows:

Edward Saunders – Non-Executive Chairman

Mr Saunders has over 40 years experience in the mineral exploration industry in Australia. Mr Saunders experience includes 15 years in mining management and he has previously served on the Board of a listed mining company as Chairman.

He has 20 years experience in the private sector as Principal/Operator of a commercial business in the entertainment industry. He has been involved in a major porting organisation taking on executive roles for some 7 years.

Director since 15 July 2010.

During the past three years Mr Saunders has held the following other listed company directorships:

- Aurium Resources Limited (30 June 2008 to present)

Gary Stokes, B.Bus, JP – Non-Executive Director

Mr Stokes has a wealth of experience in mining projects having been responsible for project interests in diamonds, mineral sands and uranium in Namibia. He was a former senior government executive where he was responsible for managing government involvement in mining and infrastructure projects, including the management of State Agreements for major mining operations throughout the State.

He has had experience in promoting iron ore projects to steel mills in China, Korea and Japan; and uranium to interests in Russia, India, China and Taiwan. He has international trade experience in markets such as the USA, EU, Middle East and South East Asia.

Mr Stokes previously held the positions of chief executive officer of Magna Mining NL and managing director, West Australian Metals Ltd. He is currently managing director of Padbury Mining Limited.

Director since 15 July 2010.

During the past three years Mr Stokes has held the following other listed company directorships:

- Padbury Mining Limited (2 November 2009 to present)
- West Australian Metals Limited (4 August 2008 to 18 November 2008)

Brenton Lewis, BBSc (Hons), MBSc – Non-Executive Director

Mr Lewis is an academic who has spent the past 20 years in the tertiary education sector. He has held management positions including Head of Department and Head of Post Graduate studies. He has published, taught and researched in areas including Ethics and Psychopathology. He has been a consultant to various Health agencies including the Hong Kong Hospital Authority and the WA Health Department. He has served on numerous Boards of Management including academic and non-government organisations.

Director since 15 July 2010.

During the past three years Mr Lewis has held the following other listed company directorships:

- Aurium Resources Limited (9 July 2009 to present)

DIRECTORS REPORT

Donald Valentino – Executive Chairman

Mr Valentino has an extensive range of experience in varied industries. He has a proven ability to communicate with professional peers in a wide range of disciplines.

Mr Valentino, was State Manager of Sigma Pharmaceuticals Ltd for a period of ten years and achieved notable success in profitable business building, strict operating cost management, customer relations, personnel development and enhanced divisional profit contribution.

During the period from May 2006 to January 2009 Mr Valentino, in his capacity of Managing Director of Genesis Biomedical Limited (GBL), was primarily responsible for redirecting GBL from its original biomedical activities to significant involvement in the mining and resource sector.

Mr Valentino resigned as a director on 30 April 2010.

Jeffrey Green – Non-Executive Director

Mr Green has over 25 years of management and commercial experience within Australia's prospecting and mining industry. He has held non-executive directorships on a number of publicly listed resource companies and has been actively involved in the acquisition and negotiating of mining assets. His career has included the establishment and operation of the drilling company Green Drilling Pty Ltd in Western Australia. He further went on to establish and successfully develop the company Powerwest Pty Ltd which comprised of three divisions - power stations, mining dewatering and general hire equipment, all servicing the mining industry.

Mr Green resigned as a director on 15 July 2010.

Rocco Schirripa – Non-Executive Director

Mr Schirripa has post graduate qualifications in banking and finance and over twenty five years experience in this industry. He has vast knowledge in managing treasury operations having spent thirteen years as treasurer of a large Australian finance company. During this tenure Mr Schirripa managed over \$1billion worth of borrowings and was involved in one of the very first securitisation issues of asset backed securities in Australia.

Mr Schirripa resigned as a director on 28 April 2010.

Catherine Anderson – Non-Executive Director

Ms Anderson is admitted as a barrister and solicitor in Victoria and Western Australia and has over 20 years experience in both private practice and in-house roles. She specialises in capital raisings and corporate restructuring, as well as advising on all aspects of corporate and commercial law. Ms Anderson also owns an online retail business and has twice been nominated for the Telstra Business Woman of the Year Award for that business.

Ms Anderson was appointed as a director on 28 April 2010 and resigned on 15 July 2010.

Dean Gallegos – Non-Executive Director

Mr Gallegos has over 16 years experience in the Australian capital market place with direct experience in managing ASX listed companies and in the planning, financing and supervision of exploration budgets. In the last 4 years he has been principal driver in the creation or recapitalisation of a number of public companies and he has performed advisory roles to other public companies in financing and merger/acquisition roles.

Mr Gallegos was appointed as a director on 25 May 2010 and resigned on 6 September 2010.

DIRECTORS REPORT

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Yellow Rock Resources Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
E Saunders	500,000	500,000
G Stokes	-	-
B Lewis	500,000	500,000

COMPANY SECRETARY

Catherine Anderson

Ms Anderson is admitted as a barrister and solicitor in Victoria and Western Australia and has over 20 years experience in both private practice and in-house roles. She specialises in capital raisings and corporate restructuring, as well as advising on all aspects of corporate and commercial law. Ms Anderson also owns an online retail business and has twice been nominated for the Telstra Business Woman of the Year Award for that business.

CORPORATE INFORMATION

Corporate Structure

Yellow Rock Resources Limited is a limited liability company that is incorporate and domiciled in Australia. Yellow Rock Resources Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Yellow Rock Resources Limited	-	parent entity
Australian Uranium Limited	-	100% owned controlled entity
Cabe Resources Limited	-	100% owned controlled entity

Nature of Operations and Principal Activities

The principal continuing activities during the year of entities within the consolidated entity was exploration for vanadium/titanium, uranium and other economic resources.

OPERATING AND FINANCIAL REVIEW

Review of Operations

A review of operations for the financial year and the results of those operations is contained within the company review.

Operating Results

Consolidated loss after income tax for the financial year was \$11,174,635 (2009: \$23,976,624). The loss for the year included an allowance for impairment on capitalised exploration and evaluation of \$8,647,515 and impairment of other financial assets of \$1,685,585.

Financial Position

At 30 June 2010, the Group had cash reserves of \$4,128,239.

Financing and Investing Activities

The company issued the following securities during the year:

- 110,500,000 ordinary fully paid shares ("Shares"), together with 110,500,00 free attaching options exercisable at 7 cents each on or before 30 September 2012 ("Options"), at an issue price of 3.9 cents each, raising \$4,309,500; and
- 80,000,000 partly paid shares at an issue price of \$0.0001 each to raise \$8,000 (before expenses of the issue). The partly paid shares will be convertible to ordinary fully paid shares in the capital of the Company on payment of a further \$0.0389 per partly paid share, raising an additional \$3,112,000.

DIRECTORS REPORT

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the company during the financial year are detailed in the company review.

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

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than as outlined in the company review which is contained in this Annual Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The company will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the Projects as more particularly outlined in the company review. The company will also continue to pursue other potential investment opportunities to enhance shareholder value.

MEETINGS OF DIRECTORS

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors	
	Number eligible to attend	Number attended
E Saunders	-	-
G Stokes	-	-
B Lewis	-	-
D Valentino	6	6
J Green	7	6
R Schirripa	6	5
C Anderson	1	1
D Gallegos	1	1

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of Yellow Rock Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes five executives in the parent group receiving the highest remuneration.

For the purposes of this report the term “executive” includes those key management personnel who are not directors of the parent company.

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

DIRECTORS REPORT

A. Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

B. Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination approved by shareholders was an aggregate compensation of \$200,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

DIRECTORS REPORT

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to directors/ executives are delivered in the form of options.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting of options is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive, and the responsibilities the Executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

C. Employment contracts of directors and senior executives

The employment arrangements of the directors are not formalised in a contract of employment.

D. Details of remuneration for year

Directors

The following persons were directors of Yellow Rock Resources Limited during the financial year:

Donald Valentino	Chairman (executive) – resigned 30 April 2010
Rocco Schirripa	Director (non-executive) – resigned 28 April 2010
Jeffery Green	Director (non-executive) – appointed 2 July 2009; resigned 15 July 2010
Catherine Anderson	Director (non-executive) – appointed 28 April 2010; resigned 15 July 2010
Dean Gallegos	Director (non-executive) – appointed 25 May 2010; resigned 6 September 2010

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

DIRECTORS REPORT

Remuneration

Details of the remuneration of each Director and named executive officer of the company, including their personally-related entities, during the year was as follows:

	Year	Short Term Benefits	Post Employment	Share Based Payments	Total	Remuneration consisting of options during the year %
		Salary and fees \$	Superannuation \$	Options \$		
Directors						
D Valentino	2010	162,082	12,150	-	174,232	-
	2009	5,974	17,492	-	23,466	-
R Schirripa	2010	22,500	2,025	-	24,525	-
	2009	16,664	1,312	-	17,976	-
J Green	2010	30,000	-	-	30,000	-
	2009	-	-	-	-	-
C Anderson	2010	25,784	450	28,148	54,382	52%
	2009	-	-	-	-	-
D Gallegos	2010	-	-	-	-	-
	2009	-	-	-	-	-
P Remta	2010	-	-	-	-	-
	2009	51,000	4,500	-	55,500	-
B John	2010	-	-	-	-	-
	2009	10,415	2,083	-	12,498	-
D McInerney	2010	-	-	-	-	-
	2009	29,167	-	-	29,167	-
J Geary	2010	-	-	-	-	-
	2009	100,000	-	-	100,000	-
Q Williams	2010	-	-	-	-	-
	2009	-	15,417	-	15,417	-
Total	2010	240,366	14,625	28,148	283,139	-
	2009	213,220	40,804	-	254,024	-

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options, however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

E. Compensation options to key management personnel

The following options were granted as equity compensation benefits to Directors and Executives. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at various exercise prices with various expiry dates.

Director	No. vested during the year	Number granted	Grant date	Value per option at grant date \$	Exercise price \$	First exercise date	Last exercise date
D Valentino	-	2,000,000	30/10/2009	\$0.0334	\$0.08	1/9/2010	1/9/2011
	-	2,000,000	30/10/2009	\$0.0342	\$0.11	1/9/2010	1/9/2012
	-	2,000,000	30/10/2009	\$0.0350	\$0.14	1/9/2010	1/9/2013
J Green	-	1,000,000	30/10/2009	\$0.0334	\$0.08	1/9/2010	1/9/2011
	-	1,000,000	30/10/2009	\$0.0342	\$0.11	1/9/2010	1/9/2012
	-	1,000,000	30/10/2009	\$0.0350	\$0.14	1/9/2010	1/9/2013
R Schippira	-	1,000,000	30/10/2009	\$0.0334	\$0.08	1/9/2010	1/9/2011
	-	1,000,000	30/10/2009	\$0.0342	\$0.11	1/9/2010	1/9/2012
	-	1,000,000	30/10/2009	\$0.0350	\$0.14	1/9/2010	1/9/2013
Total		12,000,000					

Pursuant to the terms and conditions of the options the above listed options have been extinguished on resignation of each director and have been cancelled. Consequently, the net effect of share based payments for these options was nil.

DIRECTORS REPORT

F. Shares issued to key management personnel on exercise of compensation options

No shares were issued to Directors and Executives on exercise of compensation options during the year.

INSURANCE OF OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

SHARE OPTIONS

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 110,500,000 options expiring 30 September 2012, exercisable at 7 cents each
- 666,667 options expiring 1 September 2011, exercisable at 8 cents each
- 666,667 options expiring 1 September 2012, exercisable at 11 cents each
- 666,666 options expiring 1 September 2013, exercisable at 14 cents each

During the year options were issued as follows:

- 110,500,000 options expiring 30 September 2012, exercisable at 7 cents each
- 4,666,667 options expiring 1 September 2011, exercisable at 8 cents each
- 4,666,667 options expiring 1 September 2012, exercisable at 11 cents each
- 4,666,666 options expiring 1 September 2013, exercisable at 14 cents each

During the year and up to the date of this report, 179,873,800 options exercisable at 20 cents each have expired; and 4,000,000 options exercisable at 8 cents each, 4,000,000 options exercisable at 11 cents each and 4,000,000 options exercisable at 14 cents each have been extinguished and cancelled.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

LEGAL PROCEEDINGS

The company was not a party to any legal proceedings during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATIONS

The company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

AUDITOR

RSM Bird Cameron Partners continues in office in accordance with Section 327 of the Corporations Act 2001.

DIRECTORS REPORT

NON-AUDIT SERVICES

No non-audit services were provided by our auditors, RSM Bird Cameron Partners during the year.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2010, as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

Signed in accordance with a resolution of directors.



Edward Saunders
Chairman
Perth, 30 September 2010

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Yellow Rock Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Yellow Rock Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Yellow Rock Resources Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	Structure the board to add value		
2.1	A majority of the board should be independent directors.	2(b), 2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	No
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	<ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; 		
	<ul style="list-style-type: none"> the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and 		
	<ul style="list-style-type: none"> the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	<ul style="list-style-type: none"> consists only of non-executive directors; 		
	<ul style="list-style-type: none"> consists of a majority of independent directors; 		
	<ul style="list-style-type: none"> is chaired by an independent chair, who is not chair of the Board; and 		
	<ul style="list-style-type: none"> has at least three members. 		

CORPORATE GOVERNANCE STATEMENT

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	Make timely and balanced disclosure		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	Recognise and manage risk		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8	Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
- the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of three Non-Executive Directors. At all times during the year the Board comprised a majority of Non-Executive Directors. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Chair is currently independent. Previous to this and during the whole of the financial year the Chair was not independent and the role of Chair and chief executive officer was exercised by the same person. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint an independent Chair simply in order to comply with the Corporate Governance Council's Recommendations. The Board considered that, at this stage of the Company's development, the executive role carried out by the Chairman was in the best interests of the Company.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Managing Director is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and

CORPORATE GOVERNANCE STATEMENT

- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people.

The Chair is currently independent. Previous to this and during the whole of the financial year the Chair was not independent and the role of Chair and chief executive officer was exercised by the same person. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint an independent Chair simply in order to comply with the Corporate Governance Council's Recommendations. The Board considered that, at this stage of the Company's development, the executive role carried out by the Chairman was in the best interests of the Company.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Yellow Rock Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently comprises two independent non-executive Directors. Mr Stokes is not considered independent as he is an officer of a substantial shareholder of the Company.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Yellow Rock Resources Limited are considered to be independent:

Name	Position
Edward Saunders	Non-Executive Chairman
Brenton Lewis	Non-Executive Director

CORPORATE GOVERNANCE STATEMENT

The following persons hold office as directors of Yellow Rock Resources Limited at the date of this report:

Name	Term on Office
Edward Saunders	Since 15 July 2010
Gary Stokes	Since 15 July 2010
Brenton Lewis	Since 15 July 2010

2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The Board member assessment measures are the responsibility of the Chairman. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Yellow Rock Resources Limited. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.

3. BOARD COMMITTEES

3(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee and the Audit Committee does not comprise only Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is RSM Bird Cameron's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Yellow Rock Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Policy for Trading in Company Securities" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

Within 24 hours of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the director's notifiable interests in the Company's securities and changes in such interest must be advised to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

5. TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Audit and Risk Management Charter"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

INTERESTS IN MINING TENEMENTS

WESTERN AUSTRALIA

Gabaintha Tenements – Uranium & Vanadium (Held by Yellow Rock Resources Ltd – 100%)

EL 51/431
EL 51/843
MLA 51/772
MLA 51/814
PL 51/2226

Nowthanna Tenement – Uranium (Held by Yellow Rock Resources Ltd – 100%)

MLA 51/771

NORTHERN TERRITORY

Arunta Region Tenements (Held by Cabe Resources Ltd – 100%)

EL 25426 Turners Dome
ELA 25418 Mt. Denison
ELA 27503 Mt. Nicker
ELA 25667 Mt. Cockburn

West Arnhem Tenure - 20% Indirect Interest through Apogie Pty Ltd

ELA 28158 Table Hill
ELA 28159 Mann
MCN 668-671 McKeddies

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated	
		2010 \$	2009 \$
Revenue	2(a)	140,468	122,561
Exploration and evaluation expenditure		(43,099)	(43,880)
Impairment of exploration and evaluation		(8,647,515)	(22,295,419)
Depreciation		(576)	(161)
Directors fees and benefits expense		(234,454)	(254,024)
Share based payment		(28,148)	-
Impairment of other financial assets		(1,685,585)	(861,562)
Share of net loss of associate		-	(2,853)
Other expenses	2(b)	(675,726)	(641,286)
Loss before income tax expense		(11,174,635)	(23,976,624)
Income tax expense	3	-	-
Net loss for year		(11,174,635)	(23,976,624)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of the Yellow Rock Resources Ltd		(11,174,635)	(23,976,624)
Basic / diluted earnings per share	5	Cents (4.08)	Cents (11.56)

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

		Consolidated	
	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,128,239	1,591,025
Trade and other receivables	7	120,144	124,205
Total Current Assets		4,248,383	1,715,230
Non-Current Assets			
Trade and other receivables	7	2,611	2,611
Investments accounted for using the equity method	8	-	1,685,585
Plant and equipment		2,145	2,721
Deferred exploration expenditure	9	37,191,946	45,029,075
Total Non-Current Assets		37,196,702	46,719,992
Total Assets		41,445,085	48,435,222
LIABILITIES			
Current Liabilities			
Trade and other payables	10	326,203	228,783
Total Current Liabilities		326,203	228,783
Total Liabilities		326,203	228,783
Net Assets		41,118,882	48,206,439
EQUITY			
Issued capital	11	56,799,840	52,740,910
Reserves		20,995,148	20,967,000
Accumulated losses		(36,676,106)	(25,501,471)
Total Equity		41,118,882	48,206,439

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

Consolidated	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total \$
Balance at 1 July 2008	50,740,910	(1,524,847)	20,967,000	70,183,063
Loss for the year	-	(23,976,624)	-	(23,976,624)
Total comprehensive loss for the year	-	(23,976,624)	-	(23,976,624)
Securities issued during the year	2,000,000	-	-	2,000,000
Balance at 30 June 2009	52,740,910	(25,501,471)	20,967,000	48,206,439
Loss for year	-	(11,174,635)	-	(11,174,635)
Total comprehensive loss for the year	-	(11,174,635)	-	(11,174,635)
Securities issued during the year	4,317,500	-	-	4,317,500
Capital raising costs	(258,570)	-	-	(258,570)
Cost of share based payments	-	-	28,148	28,148
Balance at 30 June 2010	56,799,840	(36,676,106)	20,995,148	41,118,882

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated	
		2010	2009
		\$	\$
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(925,782)	(842,484)
Interest received		79,185	123,834
Expenditure on mining interests		(43,467)	(43,080)
Net cash provided by/(used in) operating activities	6(i)	(890,064)	(761,730)
Cash flows from investing activities			
Expenditure on mining interests		(903,952)	(902,642)
Payment for plant and equipment		-	(2,882)
Repayment of loans to other entities		50,000	-
Loans to other entities		-	(51,203)
Net cash used in investing activities		(853,952)	(956,727)
Cash flows from financing activities			
Proceeds from issue of shares		4,317,500	2,000,000
Payment of capital raising costs		(36,270)	-
Repayment of borrowings		-	(300,000)
Net cash provided by financing activities		4,281,230	1,700,000
Net increase in cash held		2,537,214	(18,457)
Cash at beginning of the financial year		1,591,025	1,609,482
Cash at end of financial year	6	4,128,239	1,591,025

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies*

(a) **Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Yellow Rock Resources Limited (“Company” or “Parent Entity”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors’ Report.

(b) **Adoption of new and revised standards**

In the current year, the Group 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 Group’s accounting policies, except as noted within note 1.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies (refer to note 22).

(c) **Statement of Compliance**

The financial report was authorised for issue on 30 September 2010.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of Yellow Rock Resources Limited (“Company” or “Parent Entity”) and its subsidiaries as at 30 June each year (“Consolidated” or “Group”). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(e)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(d) **Basis of consolidation (Cont.)**

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in accounting policy

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative.

Previously, transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains and losses in profit and loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests in associates, jointly controlled entity or financial assets

(e) **Business combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(e) **Business combinations (Cont.)**

Change in accounting policy

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

(f) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(g) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(h) **Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(i) **Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(i) **Income Tax (Cont.)**

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) **Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) **Financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(k) **Financial assets (Cont.)**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace

(i) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process

(iii) *Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(l) **Exploration and evaluation expenditure**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(m) **Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) **Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) **Share-based payment transactions**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Yellow Rock Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(p) **Share-based payment transactions (Cont.)**

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(q) **Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

Change in accounting policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Group as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

(s) **Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) **Investment accounted for using equity method**

Associates are all entities over which the consolidated entity has significant influence but not control. Investments in associate companies are accounted for in the parent entity using the cost method and in the consolidated entity using the equity method of accounting. The equity method of accounting recognises the consolidated entity's share of post-acquisition profits or losses in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in associates reserve.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of Significant Accounting Policies (Cont.)*

(u) **Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end

(i) *Impairment*

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

(ii) *Derecognition and disposal*

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised

(v) **Significant Accounting Estimates and Judgments**

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(l). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) *Impairment of assets*

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined from market value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010 \$	2009 \$
2. Revenue and Expenses		
(a) Revenue		
Interest received – other corporations	140,468	122,561
(b) Expenses		
Stock exchange and registry fees	68,043	51,829
Legal fees	41,476	42,925
Auditor’s fees	20,600	22,000
Operating lease rental expense	-	7,425
Office facility expenses	60,000	61,091
Consulting fees	399,202	420,375
Other	86,405	35,641
	675,726	641,286
3. Income Tax		
(a) Income Tax Expense		
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	(11,174,635)	(23,976,624)
Prima facie income tax (benefit) @ 30%	(3,352,390)	(7,192,987)
Tax effect of non-deductible items	3,108,374	6,780,020
Deferred tax assets not brought to account	244,016	412,967
Total income tax expense	-	-
(b) Deferred Tax Assets		
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(i) occur:	829,438	585,422
There are no franking credits available to the Group.		
4. Auditors’ Remuneration		
Amounts, received or due and receivable by RSM Bird Cameron Partners for:		
- an audit or review services	20,600	18,500
	20,600	18,500

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010 \$	2009 \$
5. Earnings per Share (EPS)		
Basic earnings per share	(4.08)	(11.56)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Earnings – Net loss for year	(11,174,635)	(23,976,624)
Weighted average number of ordinary shares used in the calculation of basic EPS	No. 273,959,767	No. 207,430,315
6. Cash and Cash Equivalents		
Cash at bank	4,128,239	1,591,025
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
(i) Reconciliation of loss for the year to net cash flows from operating activities:		
Loss for the year	(11,174,635)	(23,976,624)
Depreciation	576	161
Impairment of other financial assets	1,685,585	861,562
Share of loss of associate	-	2,853
Impairment of exploration and evaluation	8,647,515	22,295,419
Equity settled share based payment	28,148	-
Changes in assets and liabilities		
Receivables	(48,897)	(11,228)
Payables	(31,315)	6,276
GST payable/receivable	2,959	59,851
Net cash flows from operating activities	(890,064)	(761,730)
(ii) Non-cash financing and investing activities		
There were no non-cash financing and investing activities during the year.		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010 \$	2009 \$
7. Trade and other receivables		
Current		
Interest receivable	78,695	29,798
GST recoverable	25,449	28,407
Other receivables	16,000	66,000
	120,144	124,205

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Non-Current

Amounts owing by associates	2,611	2,611
	2,611	2,611

8. Investments accounted for using the equity method

Associated companies – at cost	2,550,000	2,550,000
Allowance for impairment	(2,550,000)	(864,415)
	-	1,685,585

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying amount of investment	
				2010 %	2009 %	2010 \$	2009 \$
Unlisted:							
Apogei Pty Ltd	Mineral Exploration	Australia	Ordinary	20	20	-	1,685,585
						-	1,685,585

(a) Movements during the year in equity accounted investments in associated company

	Consolidated	
	2010 \$	2009 \$
Balance at beginning of the financial year	1,685,585	2,550,000
Share of associated company's loss after income tax	-	(2,853)
Impairment loss from revaluation of associate	(1,685,585)	(861,562)
	-	1,685,585

(b) Equity accounted losses of associate are broken down as follows:

Share of associate's loss before income tax	-	(2,853)
Share of associate's income tax	-	-
Share of associate's loss after income tax	-	(2,853)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010	2009
	\$	\$
8. Investments accounted for using the equity method (Cont.)		
(c) Summarised presentation of share of aggregate assets, liabilities and performance of associate		
Current assets	20	20
Total assets	<u>20</u>	<u>20</u>
Current liabilities	2,853	2,853
Total liabilities	<u>2,853</u>	<u>2,853</u>
Net Assets	<u>(2,833)</u>	<u>(2,833)</u>
Revenues	-	-
Loss after income tax of associate	-	(2,853)
(d) Investment in associate-at fair value	<u>-</u>	<u>1,685,585</u>
9. Deferred exploration expenditure		
Expenditure brought forward	45,029,075	66,346,014
Tenement acquisition	-	547,970
Tenements acquired from acquisition of controlled entity	-	-
Allowance for impairment	(8,647,515)	(22,295,419)
Expenditure incurred during year	853,485	474,390
Expenditure written off during year	(43,099)	(43,880)
Expenditure carried forward	<u>37,191,946</u>	<u>45,029,075</u>
<p>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.</p>		
10. Trade and other payables		
Current		
Trade payables and accruals		
Other corporations	326,203	228,783
	<u>326,203</u>	<u>228,783</u>

Terms and conditions relating to the above financial instruments:

- Trade creditors are non-interest bearing and are normally settled on 30 day terms.
- Due to the short term nature of trade payable and accruals, their carrying value is assumed to approximate their fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated	
	2010 \$	2009 \$
11. Issued Capital		
(a) Issued and paid up capital		
Ordinary shares - fully paid	56,791,840	52,740,910
Ordinary shares – partly paid	8,000	-
	56,799,840	52,740,910

	2010		2009	
	Number	\$	Number	\$
(b) Movement in ordinary shares on issue				
<i>(i) Ordinary shares – fully paid</i>				
Balance at beginning of year	208,526,205	52,740,910	188,526,205	50,740,910
Issue for cash – 21 July 2008	-	-	20,000,000	2,000,000
Issue for cash – 19 August 2009	15,500,000	604,500	-	-
Issue for cash – 30 October 2009	5,750,000	224,250	-	-
Issue for cash – 16 December 2009	89,250,000	3,480,750	-	-
Expenses of issue	-	(258,570)	-	-
Balance at end of year	319,026,205	56,791,840	208,526,205	52,740,910
<i>(ii) Ordinary shares – partly paid (\$0.0389 unpaid)</i>				
Balance at beginning of year	-	-	-	-
Issue for cash – 16 December 2009	80,000,000	8,000	-	-
Balance at end of year	80,000,000	8,000	-	-
Total issued and paid-up shares	399,026,205	56,799,840	208,526,205	52,740,910

(c) Share Options

At the end of the year, the following options over unissued ordinary shares were outstanding:

- 110,500,000 options expiring 30 September 2012 at an exercise price of 7 cents each.
- 1,666,667 options expiring 1 September 2011 at an exercise price of 8 cents each.
- 1,666,667 options expiring 1 September 2012 at an exercise price of 11 cents each.
- 1,666,667 options expiring 1 September 2013 at an exercise price of 14 cents each.

110,500,000 listed options expiring 30 September 2012 at an exercise price of 7 cents each were granted during the financial year and 179,873,800 listed options expiring 30 November 2009 at an exercise price of 20 cents each expired. In addition, 4,666,667 unlisted options expiring 1 September 2011 at an exercise price of 8 cents each, 4,666,667 options expiring 1 September 2012 at an exercise price of 11 cents each and 4,666,667 options expiring 1 September 2013 at an exercise price of 14 cents each were granted. Subsequent to issue, 3,000,000 unlisted options expiring 1 September 2011 at an exercise price of 8 cents each, 3,000,000 options expiring 1 September 2012 at an exercise price of 11 cents each and 3,000,000 options expiring 1 September 2013 at an exercise price of 14 cents each were cancelled. Subsequent to financial year end a further 1,000,000 unlisted options expiring 1 September 2011 at an exercise price of 8 cents each, 1,000,000 options expiring 1 September 2012 at an exercise price of 11 cents each and 1,000,000 options expiring 1 September 2013 at an exercise price of 14 cents each were cancelled.

(d) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Consolidated
2010 **2009**
\$ **\$**

12. Commitments

Exploration Commitments

The company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the accounts. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or any new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

Not later than one year	174,560	334,560
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13. Contingent Liabilities

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the company has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the company. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the company.

14. Financial Reporting by Segments

The consolidated entity has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

Following adoption of AASB 8, the identification of the consolidated entity's reportable segments has not changed. During the year, the consolidated entity considers that it has only operated in one segment, being mineral exploration within Australia.

The consolidated entity is domiciled in Australia. All revenue from external customers is generated from Australia only. Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately Nil (2009 - Nil) are derived from a single external customer.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

15. Business Combinations

There were no acquisitions during the financial year.

16. Related Party Transactions

(a) Subsidiaries

The consolidated financial statements include the financial statements of Yellow Rock Resources Limited and the subsidiaries listed in the following table.

	County of Incorporation	% Equity Interest		Investment at cost	
		2010	2009	2010	2009
		%	%	\$	\$
Australian Uranium Ltd	Australia	100	100	29,008,000	29,008,000
Cabe Resources Ltd	Australia	100	100	27,625,000	27,625,000
Impairment				(30,317,638)	-
				26,315,362	56,633,000

(b) Parent entity

Yellow Rock Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

16. Related Party Transactions (Cont.)

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 18.

17. Parent Entity Disclosures

(a) Summary financial information

Financial Position

	2010 \$	Parent 2009 \$
Assets		
Current Assets	4,248,282	1,715,130
Non-current asset	37,196,703	46,720,092
Total assets	41,444,985	48,435,222
Liabilities		
Current Liabilities	326,203	228,783
Total liabilities	326,203	228,783
Equity		
Issued capital	56,799,840	52,740,910
Reserves	20,995,148	20,967,000
Accumulated losses	(36,676,206)	(25,501,471)
Total equity	41,118,782	48,206,439
Financial Performance		
Loss for the year	(11,174,735)	(23,976,624)
Other comprehensive income	-	-
Total comprehensive income	(11,174,735)	(23,976,624)

b) Guarantees

Yellow Rock Resources Limited has not entered into any guarantees in relation to the debts of its subsidiary.

c) Other Commitments and Contingencies

Yellow Rock Resources Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in note 12.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

18. Director and Executive Disclosures

(a) Compensation of Key Management Personnel

	Consolidated	
	2010 \$	2009 \$
Short-term personnel benefits	254,991	254,024
Share based payment	28,148	-
	283,139	254,024

(b) Option holdings of Key Management Personnel

	Balance 01/07/09	Granted as Remuneration	Options Acquired	Options Exercised	Options Expired/ Cancelled	Net Change Other #	Balance 30/06/10	Number vested and exercisable
Directors								
D Valentino	2,377,251	6,000,000	3,000,000	-	(8,377,251)	(3,000,000)	-	-
J Green	-	3,000,000	1,500,000	-	-	-	4,500,000	1,500,000
R Schirripa	-	3,000,000	1,250,000	-	(3,000,000)	(1,250,000)	-	-
C Anderson	-	2,000,000	500,000	-	-	-	2,500,000	500,000

Options held at date of appointment or resignation, as applicable.

	Balance 01/07/08	Granted as Remuneration	Options Acquired	Options Exercised	Options Expired/ Cancelled	Net Change Other #	Balance 30/06/09	Number vested and exercisable
Directors								
D Valentino	-	-	-	-	-	2,377,251	2,377,251	2,377,251
D McInerney	2,500,000	-	-	-	-	(2,500,000)	-	-
J Geary	6,500,000	-	-	-	-	(6,500,000)	-	-
Q Williams	10,000	-	-	-	-	(10,000)	-	-

Options held at date of appointment or resignation, as applicable.

(c) Shareholdings of Key Management Personnel

	Balance 01/07/09	Received as Remuneration	Options Exercised	Acquired/ (disposed)	Net Change Other	Balance 30/06/10
D Valentino	2,697,720	-	-	3,000,000	(5,697,720) [#]	-
J Green	-	-	-	1,500,000	-	1,500,000
R Schirripa	100,000	-	-	1,250,000	(1,350,000) [#]	-
C Anderson	-	-	-	500,000	-	500,000

Shares held at date of appointment or resignation, as applicable.

Shares acquired during the period.

	Balance 01/07/08	Received as Remuneration	Options Exercised	Acquired/ (disposed)	Net Change Other	Balance 30/06/09
D Valentino	-	-	-	-	2,697,720 [#]	2,697,720
R Schirripa	-	-	-	100,000	-	100,000
Q Williams	10,000	-	-	-	(10,000) [#]	-

Shares held at date of appointment or resignation, as applicable.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Consolidated

2010
\$

2009
\$

19. Share Based Payments

(a) Value of share based payments in the financial statements

Share based payments expensed

28,148

-

(b) Summary of share-based payments

Set out below are the summaries of options granted as share based payments:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Expired or Change due to Resignation	Balance at end of the year	Vested and exercisable at end of the year
05/07/2007	30/11/2009	\$0.20	5,000,000	-	-	(5,000,000)	-	-
30/10/2009	01/09/2011	\$0.08	-	4,000,000	-	(3,000,000)	1,000,000	-
30/10/2009	01/09/2012	\$0.11	-	4,000,000	-	(3,000,000)	1,000,000	-
30/10/2009	01/09/2013	\$0.14	-	4,000,000	-	(3,000,000)	1,000,000	-
22/12/2009	01/09/2011	\$0.08	-	666,667	-	-	666,667	-
22/12/2009	01/09/2012	\$0.11	-	666,667	-	-	666,667	-
22/12/2009	01/09/2013	\$0.14	-	666,666	-	-	666,666	-
			5,000,000	14,000,000	-	(14,000,000)	5,000,000	-
Weighted average exercise price		\$0.20	\$0.11	-	\$0.14	\$0.11	-	

No options were granted as equity compensation benefits to Directors and Executives during the previous financial year.

The assessed fair values of the options were determined using a binomial option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	30/10/2009	30/10/2009	30/10/2009	22/12/2009	22/12/2009	22/12/2009
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	115%	115%	115%	113%	113%	113%
Risk-free interest rate (%)	4.84%	5.11%	5.22%	4.48%	4.78%	4.95%
Expected life of options (years)	1.838	2.841	3.841	1.693	2.696	3.696
Underlying share price (\$)	\$0.066	\$0.066	\$0.066	\$0.044	\$0.044	\$1.044
Option exercise price (\$)	\$0.08	\$0.11	\$0.14	\$0.08	\$0.11	\$0.14
Value of option (\$)	\$0.0334	\$0.0342	\$0.0350	\$0.0169	\$0.0188	\$0.0203

(c) Weighted average remaining contractual life

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2010 was 2.167 years.

(d) Weighted average fair value

The weighted average fair value of share-based payment options granted was \$0.032.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

20. Financial Risk Management

The Consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Consolidated entity manages its exposure to key financial risks in accordance with the Consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the Consolidated entity's financial targets while protecting future financial security.

The main risks arising from the Consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated entity does not speculate in the trading of derivative instruments. The Consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Risk Exposures and Responses

Interest rate risk

The Consolidated entity's exposure to risks of changes in market interest rates relates primarily to the Consolidated entity's cash balances. The Consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At balance date, the Consolidated entity had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	2010	2009
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents (interest-bearing accounts)	4,128,239	1,591,025
Net exposure	4,128,239	1,591,025

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Consolidated entity would have been affected as follows:

Judgements of reasonably possible movements:

Post tax profit – higher / (lower)

+ 0.5%	20,641	7,955
- 0.5%	(20,641)	(7,955)

Equity – higher / (lower)

+ 0.5%	20,641	7,955
- 0.5%	(20,641)	(7,955)

Liquidity Risk

The Consolidated entity has no significant exposure to liquidity risk as there is effectively no debt. The Consolidated entity manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

20. *Financial Risk Management (Cont.)*

Credit risk

Credit risk arises from the financial assets of the Consolidated entity, which comprise deposits with banks and trade and other receivables. The Consolidated entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Consolidated entity's maximum exposure to credit risk in relation to those assets.

The Consolidated entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated entity trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Consolidated entity's policy to securities it trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated entity does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the Consolidated entity.

Capital Management Risk

Management controls the capital of the Consolidated entity in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the Consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

The Consolidated entity has no external loan debt facilities other than trade payables. There have been no changes in the strategy adopted by management to control capital of the Consolidated entity since the prior year.

Commodity Price and Foreign Currency Risk

The Consolidated entity's exposure to price and currency risk is minimal given the Consolidated entity is still in the exploration phase.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

21. *Events Subsequent to Year End*

There are no matters or circumstances that have arisen since 30 June 2010 that have or may significantly affect the operations, results, or state of affairs of the company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

22. New accounting standards for application in future period

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to-maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
 - reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

22. New accounting standards for application in future period (cont'd)

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

DIRECTORS' DECLARATION

In the opinion of the directors:

- a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(c).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



Edward Saunders
Chairman

Perth, 30 September 2010

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

Report on the Financial Report

We have audited the accompanying financial report of Yellow Rock Resources Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control 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(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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 opinions.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Yellow Rock Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report which is included within the directors' report for the financial year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Yellow Rock Resources Limited for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants



D J WALL
Partner

Perth, WA
Dated: 30 September 2010

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Yellow Rock Resources Limited for the year ended 30 June 2010, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA
Dated: 30 September 2010

STOCK EXCHANGE INFORMATION

HOLDINGS AS AT 20 SEPTEMBER 2010

Number of Securities Held	FULLY PAID SHARES No. of Holders	OPTIONS 30 September 2012 No. of Holders
1 to 1,000	35	1
1,001 to 5,000	218	1
5,001 to 10,000	272	-
10,001 to 100,000	762	12
100,001 and over	369	112
Total Number of Holders	1,656	126
Number of holders of less than a marketable parcel	865	-
Percentage of the 20 largest holders	43.94%	54.74%

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number
Padbury Mining Limited	41,000,005

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

20 Largest Holders of Securities as at 20 September 2010:

Fully Paid Ordinary Shares

	Number	%
1. Padbury Mining Limited	41,000,005	12.85
2. Selcam Investments Pty Ltd	13,900,000	4.36
3. Citicorp Nominees Pty Ltd	11,091,000	3.48
4. Jamora Nominees Pty Ltd <Kaboonk Discretionary A/C>	10,569,672	3.31
5. Neale Parsons	6,000,000	1.88
6. Jayvee Investments Pty Ltd <Jayvee SP-Pen A/C>	5,697,720	1.79
7. Noel David McEvoy & Shelley Dawn McEvoy <The ND McEvoy Super Fund A/C>	5,250,000	1.65
8. Jalein Pty Ltd <Elbaja A/C>	4,997,280	1.57
9. Kimbriki Nominees Pty Ltd <Kimbriki Hamilton S/F A/C>	4,770,000	1.50
10. Corridor Nominees Pty Ltd	4,500,000	1.41
11. Cameron Thomas Hardie <Jecama Account>	3,925,902	1.23
12. Janine Margaret Orders	3,838,335	1.20
13. ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	3,595,862	1.13
14. Steere Superfund Pty Ltd <John Steere Super Fund A/C>	3,520,000	1.10
15. Woolmaton Pty Ltd <Woolmaton A/C>	3,500,000	1.10
16. Raymond George O'Hern & Judith Lorraine O'Hern <RG & JL O'Hern Super A/C>	3,434,813	1.08
17. Der La Noble Corporation Limited	2,900,000	0.91
18. Furner Holdings Pty Ltd <Furngold Family No. 2 A/C>	2,838,327	0.89
19. Merrill Lynch (Australia) Nominees Pty Ltd	2,677,201	0.84
20. Alan Brien & Melinda Brien <A & M Brien Super Fund A/C>	2,187,662	0.69
	140,193,779	43.94

STOCK EXCHANGE INFORMATION

Options 30 September 2012

	Number	%
1. Jamora Nominees Pty Ltd <Kaboook Discretionary A/C>	10,500,000	9.50
2. Noel David McEvoy & Shelley Dawn McEvoy <The ND McEvoy Super Fund A/C>	8,400,000	7.60
3. Jalein Pty Ltd <Elbaja A/C>	5,500,000	4.98
4. Corridor Nominees Pty Ltd	4,500,000	4.07
5. Woolmaton Pty Ltd <Woolmaton A/C>	3,500,000	3.17
6. Jayvee Investments Pty Ltd <Jayvee SP-Pen A/C>	3,000,000	2.71
7. Goffacan Pty Ltd	2,700,000	2.44
8. ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	2,500,000	2.26
9. Lawrence Crowe Consulting Pty Ltd <LLC Super Fund A/C>	2,100,000	1.90
10. M & K Korkidas Pty Ltd < M & K Korkidas P/L S/Fund A/C>	1,992,821	1.80
11. Iannello Pty Ltd <Iannello Superannuation A/C>	1,900,000	1.72
12. Portmore Corporation Pty Ltd	1,700,000	1.54
13. Anthony Keith Avotins	1,637,870	1.48
14. Iannello Pty Ltd <Iannello Superannuation A/C>	1,600,000	1.45
15. Green Drilling Pty Ltd	1,500,000	1.36
16. Mandevilla Pty Ltd	1,500,000	1.36
17. Reprove Investments Pty Ltd	1,500,000	1.36
18. Mario Skalecki & Carol Anne Skalecki <Skalecki Family Super A/C>	1,500,000	1.36
19. Temorex Pty Ltd <Nitram Family A/C>	1,500,000	1.36
20. Amber Anne Rodgers	1,460,000	1.32
	60,490,691	54.74

Unlisted Partly Paid Ordinary Shares

	Number	Number of Holders
Ordinary shares – partly paid (\$0.0389 unpaid)	80,000,000	7
Holdings of more than 20% of this class	-	

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	Number of Options	Number of Holders
Options exercisable at 8 cents each on or before 1 September 2011	666,667	1
Holdings of more than 20% of this class		
- Catherine Elizabeth Groppoli <Groppoli GTA A/C>	666,667	
Options exercisable at 11 cents each on or before 1 September 2012	666,667	1
Holdings of more than 20% of this class		
- Catherine Elizabeth Groppoli <Groppoli GTA A/C>	666,667	
Options exercisable at 14 cents each on or before 1 September 2013	666,666	1
Holdings of more than 20% of this class		
- Catherine Elizabeth Groppoli <Groppoli GTA A/C>	666,666	

Restricted Securities

There are no restricted securities or securities subject to voluntary escrow.

On-market Buy-back

Currently there is no on-market buy-back of the Company's securities.