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YELLOW ROCK RESOURCES LIMITED

ABN 90 116 221 740

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2008

YELLOW ROCK RESOURCES LIMITED
CORPORATE DIRECTORY

DIRECTORS

Peter Remta (Chairman)
Brian John
Rocco Schirripa

SECRETARY

Mary-Eileen Scanlan

REGISTERED AND PRINCIPAL OFFICE

35 Great Eastern Highway
Rivervale WA 6103

Telephone: (08) 9361 5400
Facsimile: (08) 9361 5900

SHARE REGISTRY

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

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

AUDITORS

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

AUSTRALIAN SECURITIES EXCHANGE

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

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YELLOW ROCK RESOURCES LIMITED
DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Peter Remta (Non-Executive Chairman) – appointed 24 September 2008
Brian John – appointed 26 November 2008
Rocco Schirripa – appointed 26 November 2008
Denis McInerney – resigned 26 November 2008
John Geary – resigned 11 December 2008
Quentin Williams – resigned 18 December 2008

REVIEW OF OPERATIONS

Gabanintha Vanadium Iron Titanium Project

Updated Mineral Resource

During the half yearly period the Company completed the Resource Estimate for the Gabanintha Vanadium Iron Titanium Project deposit. The Total Resource is now 151.5 million tonnes at 0.62% V2O5, 29.2% Fe and 7.8% TiO2 which includes 95Mt of Measured Resource of which one third is High Grade at 0.89% V2O5, 37.8% Fe and 10.4% TiO2. A full breakdown is given below.

RESOURCE ESTIMATE TABLE

Material Type	Classification	Tonnes	V2O5%	Fe%	TiO2%
High Grade	Inferred	13,420,000	0.90	39.2	10.8
	Indicated	23,800,000	0.83	36.5	9.8
	Measured	32,540,000	0.89	37.8	10.4
	High Grade	**69,760,000**	**0.87**	**37.6**	**10.3**
Low Grade	Inferred	6,150,000	0.39	22.3	5.8
	Indicated	9,650,000	0.40	22.4	5.8
	Measured	54,000,000	0.39	21.3	5.6
	Low Grade	**69,800,000**	**0.39**	**21.6**	**5.7**
Scree	Inferred	2,330,000	0.70	33.7	7.5
	Indicated	1,230,000	0.33	19.4	4.5
	Measured	8,370,000	0.37	21.8	4.9
	Scree	**11,930,000**	**0.43**	**23.8**	**5.4**
By Classification	Inferred	21,900,000	0.74	33.9	9.0
	Indicated	34,680,000	0.69	31.9	8.5
	Measured	94,910,000	0.56	27.0	7.2
Grand Total		**151,490,000**	**0.62**	**29.2**	**7.8**

JORC Resource Statement (tonnes rounded off to significant figures)

The resource model has been constructed so that the indicated and inferred resources are of this status because of uncertainty of the structure that need further drilling to increase confidence. This is to be partly done in the coming drilling program, but the directors are confident in the robustness and definition of the resource so that the full definition will be done prior to development.

Gabanintha Description

Basically the Gabanintha Resource has a "Windimurra" Hanging wall ore zone AND a "Balla Balla" Footwall Zone. This unique ore type stacking will allow the exploitation of an onsite feed to a "Windimaurra style" Ferro Vanadium plant as well as the direct shipping of a lump or fine "Balla Balla style" iron rich feedstock on the single site. See figure below:

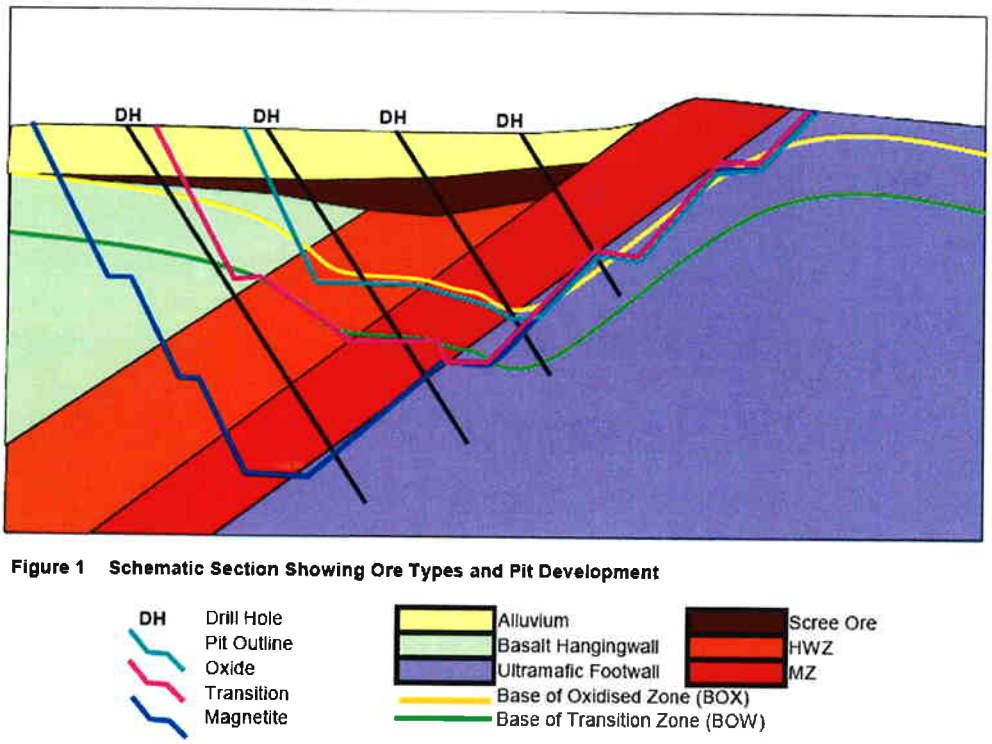

Figure 1 Schematic Section Showing Ore Types and Pit Development

The above figure shows the unique Gabanintha deposit with a suggested development giving flexibility in ore types mined. This will allow the company to tailor the development to suit market requirements and customer demands, as well as allowing low capital start up options.

Corporate

At the Annual General Meeting of the Company held on 26 November 2008 the company re-elected John Geary and Peter Remta as directors and elected Brian John and Rocco Schirripa as new directors of the company.

Dennis McInerney resigned as a director prior to the AGM and John Geary and Quentin Williams resigned as directors subsequent to the AGM.

Mary-Eileen Scanlan, who is a well known corporate lawyer, replaced John Geary as secretary of the Company on 11 December 2008.

Event subsequent to 31 December 2008

On 27 January 2009, an increase and upgrade of the exciting and unique Gabanintha Vanadium Iron Titanium Project in Western Australia was announced by the Company.

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The completed Resource Statement report on the vanadium iron titanium deposit at the Gabanintha Project defines it as Australia's highest grade massive magnetite hosted vanadium deposit.

The main points of the report are:

1. An increase in the total Resources to 151.5 M tonnes from 90 M tonnes (being an increase of 68%) to 100m deep.

2. The total Vanadium metal Resources has increased by 30%.

3. The total high grade Resource is now 70 M tonnes at 0.87% V_2O_5.

4. The identification of shallow scree Resources of 12 M tonnes at 0.43% V_2O_5 and low grade hanging wall resources of 70 M tonnes at 0.39% V_2O_5.

5. The Vanadium Mineral Resource is also rich in Iron and Titanium.

The Company now has a better understanding of the Gabanintha Project enabling it to consider all opportunities for advancing the project to a commercial outcome.

The work covered by the report included the latest drilling programme carried out to infill previous drill holes and the re-assaying of prior samples to confirm and estimate the newly defined lower grade hanging wall material. The resource has been modeled to show areas of complex structure that have a lower Resource category. These areas will require further drilling at a later date.

The report was prepared by Schwann Consulting, as principal consultant and Mining Assets Pty Ltd for the computer modelling, and a full breakdown of the Mineral Resource from that report is contained in the Resource Table set out on page 1 of this Report.

The company will undertake a further programme of reverse circulation and diamond drilling to upgrade some areas of the lower resource classification and to explore down dip to achieve both metallurgical samples and a down dip extension of Inferred and Indicated Mineral Resources.

The new drilling will confirm mineralisation types and grades to the current depth of 100 metres and will also test the depth of the ore body to 300 metres to include both high grade magnetite ilmenite vanadium as well as the lower grade hanging wall resource.

COMPETENT PERSON STATEMENT

Information in this report that relates to Exploration Results is based on information compiled by Peter Schwann, CP (Geol), who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Schwann is a consultant to Yellow Rock Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves. Mr Schwann consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2008, there was no significant change in the entity's state of affairs, other than the company completed a placement of 20 million ordinary fully paid shares, together with 8 million options exercisable at 20 cents each on or before 30 November 2009, at an issue price of 10 cents each, raising $2,000,000 for working capital purposes.

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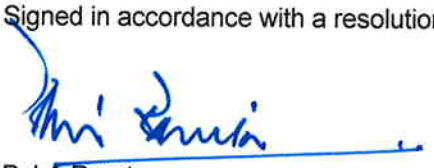
AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2008 is set out on page 16.

Signed in accordance with a resolution of the directors.



P J A Remta
Director

Perth, 13 March 2009

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YELLOW ROCK RESOURCES LIMITED
INCOME STATEMENT
For the half-year ended 31 December 2008

	Consolidated	
	6 Months Ended 31 December 2008 $	6 Months Ended 31 December 2007 $
Revenue	**78,818**	66,514
Exploration and evaluation expenditure	**(21,177)**	(37,229)
Directors fees and benefits expense	**(164,749)**	(85,000)
Share based payments	**-**	(950,000)
Other expenses	**(460,801)**	(220,715)
Loss before income tax expense	**(567,909)**	(1,226,430)
Income tax expense	**-**	-
Net loss attributable to members of Yellow Rock Resources Limited	**(567,909)**	(1,226,430)
Basic earnings per share (cents per share)	**(0.28)**	(1.07)
Diluted earnings per share (cents per share)	**(0.28)**	(1.07)

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
BALANCE SHEET
As at 31 December 2008

	Note	Consolidated 31 December 2008 $	Consolidated 30 June 2008 $
ASSETS			
Current Assets			
Cash and cash equivalents	2	**1,969,446**	1,609,482
Trade and other receivables		**66,319**	113,303
Total Current Assets		**2,035,765**	1,722,785
Non-Current Assets			
Trade and other receivables		**2,611**	2,227
Investments accounted for using the equity method		**2,550,000**	2,550,000
Deferred exploration expenditure	3	**67,137,599**	66,346,014
Total Non-Current Assets		**69,690,210**	68,898,241
Total Assets		**71,725,975**	70,621,026
LIABILITIES			
Current Liabilities			
Trade and other payables		**110,821**	437,963
Total Current Liabilities		**110,821**	437,963
Total Liabilities		**110,821**	437,963
Net Assets		**71,615,154**	70,183,063
EQUITY			
Issued capital	4	**52,740,910**	50,740,910
Reserves		**20,967,000**	20,967,000
Accumulated losses		**(2,092,756)**	(1,524,847)
Total Equity		**71,615,154**	70,183,063

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2008

	Issued Capital $	Accumulated Losses $	Other Reserves $	Total Equity $
Balance at 1 July 2007	30,373,910	(158,046)	10,192,000	40,407,864
Securities issued during the period	20,367,000	-	9,825,000	30,192,000
Cost of share based payment	-	-	950,000	950,000
Loss attributable to members of the parent entity	-	(1,226,430)	-	(1,226,430)
Balance at 31 December 2007	50,740,910	(1,384,476)	20,967,000	70,323,434
Balance at 1 July 2008	**50,740,910**	**(1,524,847)**	**20,967,000**	**70,183,063**
Securities issued during the period	**2,000,000**	-	-	**2,000,000**
Loss attributable to members of the parent entity	-	**(567,909)**	-	**(567,909)**
Balance at 31 December 2008	**52,740,910**	**(2,092,756)**	**20,967,000**	**71,615,154**

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
CASH FLOW STATEMENT
For the half-year ended 31 December 2008

	Note	Consolidated 31 December 2008 $	31 December 2007 $
Cash flows from operating activities			
Payments to suppliers and employees		**(605,818)**	(244,946)
Expenditure on mining interests		**(9,922)**	(33,005)
Interest received		**80,483**	66,514
GST recoverable		**54,486**	(63,432)
Net cash (used in) operating activities		**(480,771)**	(274,869)
Cash flows from investing activities			
Expenditure on mining interests		**(857,980)**	(586,324)
Loans to other entities		**(1,285)**	(16,000)
Net cash (used in) investing activities		**(859,265)**	(602,324)
Cash flows from financing activities			
Proceeds from issue of shares		**2,000,000**	17,000
Repayment of borrowings		**(300,000)**	-
Net cash provided by financing activities		**1,700,000**	17,000
Net increase/(decrease) in cash held		**359,964**	(860,193)
Cash at beginning of the half-year		**1,609,482**	3,240,757
Cash at end of the half-year	2	**1,969,446**	2,380,564

The accompanying notes form part of these financial statements

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Yellow Rock Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Yellow Rock Resources Limited's annual financial report for the year ended 30 June 2008.

Basis of preparation

The half-year report has been prepared on an accrual 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. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

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2. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2008 $	30 June 2008 $
Cash at bank and on deposit	**1,969,446**	1,609,482

(i) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the half-year.

During the previous half-year, the company:

(a) acquired 100% of the issued capital of Cabe Resources Ltd, the consideration being the issue of 85,000,000 ordinary fully paid shares and 85,000,000 listed options. The fair value of the consideration at date of acquisition was $27,625,000; and

(b) acquired a 20% interest in Apogei Pty Ltd, the consideration being the issue of 6,000,000 ordinary fully paid shares and 6,000,000 listed options. The fair value of the consideration at date of acquisition was $2,550,000.

(ii) Acquisition of Subsidiary

During the previous half-year the company acquired 100% of the voting shares of Cabe Resources Ltd.

	$
The purchase consideration was allocated as follows:	
Cash consideration	-
Issue of shares and options	27,625,000
	27,625,000
Assets and liabilities held at acquisition date:	
Cash	-
Mining interests, exploration and evaluation expenditure	27,625,000
Fair value of identifiable net assets	2,7625,000
The cash inflow on acquisition is as follows:	
Net cash acquired with subsidiary	-
Cash paid	-
Net cash inflow	-

The assets and liabilities arising from the acquisition are recognised at fair value which are equal to their carrying value at acquisition date.

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3. DEFERRED EXPLORATION EXPENDITURE

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

	31 December 2008 $	30 June 2008 $
Exploration and evaluation phase – at cost	**67,137,599**	66,346,014
Movement		
Balance at beginning of half-year	**66,346,014**	
Tenement acquisition costs	**547,970**	
Expenditure incurred	**264,792**	
Expenditure written off	**(21,177)**	
Total deferred exploration expenditure	**67,137,599**	

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

4. ISSUED CAPITAL

Issued Capital		
Ordinary shares – fully paid	**52,740,910**	50,740,910
Movement in ordinary shares on issue	**Number**	**$**
Balance at beginning of half-year	188,526,205	50,740,910
Issue for cash – 21 July 2008	20,000,000	2,000,000
Balance at end of half-year	208,526,205	52,740,910

5. SEGMENT INFORMATION

During the half-year, the consolidated entity operated principally in one business segment (for primary reporting) being mineral exploration, and one geographical segment (for secondary reporting) being Australia. This is consistent with the previous corresponding period.

6. CONTINGENT LIABILITIES

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

7. EVENTS SUBSEQUENT TO REPORTING DATE

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

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

1) The financial statements and notes set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year then ended.

2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

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

P J A Remta
Director

Perth, 13 March 2009

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Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

YELLOW ROCK RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Yellow Rock Resources Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Yellow Rock Resources Limited (the company) and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 controls relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Yellow Rock Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Major Offices in:
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ABN 36 965 185 036

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Quality Endorsed Company

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 13 March 2009

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RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Yellow Rock Resources Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 13 March 2009

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