YELLOW ROCK RESOURCES LIMITED

A.C.N. 116 221 740

ANNUAL REPORT

30 JUNE 2009

CORPORATE DIRECTORY

DIRECTORS

Donald Valentino (Chairman)
Jeffrey Green
Rocco Schirripa

SECRETARY

Catherine Anderson

REGISTERED OFFICE

35 Great Eastern Highway
Rivervale WA 6103

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 Australian Securities Exchange.

CORPORATE

During the year, the company:

- completed a placement of 20,000,000 ordinary fully paid shares, together with 8,000,000 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; and

- following critical review of its tenement portfolio surrendered the company's interest in EL 53/1265 – Lake Maitland South, EL 53/1266 – Lake Maitland North, ELA 08/1710 – Yanrey, E 24883 – Money Shoall and ELA 25638 – Gumadeer, resulting in an allowance for impairment loss on the carrying value of mineral interests of $22,295,419.

Subsequent to year end, the company:

(a) completed a placement of 15,500,000 ordinary fully paid shares ("Shares"), together with 15,500,00 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 $604,500; and

(b) resolved, subject to shareholder approval, to undertake further placements of securities as follows:

  (i) the issue and allotment of 95,000,000 Shares at an issue price of $0.039 each, together with the grant of one free Option for every Share subscribed for and issued, to raise $3,705,000 (before expenses of the issue);

  (ii) the issue and allotment of up to 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; and

  (iii) the issue of incentive options to Directors and officers of the Company on the following basis:

    - 4,666,667 options exercisable at 8 cents each on or before 1 September 2011;
    - 4,666,667 options exercisable at 11 cents each on or before 1 September 2012; and
    - 4,666,666 options exercisable at 14 cents each on or before 1 September 2013;

  The options will have a vesting date of 1 September 2010.

PROJECT OVERVIEW

Gabanintha Vanadium Iron Titanium Project, Western Australia

During the year, the Company completed a resource upgrade for the Gabanintha Vanadium Iron Titanium Project deposit.

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 Mineral Resource to 151.5 million tonnes from 90 million tonnes (being an increase of 68%) to 100m depth.**
2. **The total contained Vanadium metal has increased by 30%.**
3. **The total high grade Resource is now 70 million tonnes at 0.87% V_2O_5.**
4. **The identification of shallow scree Resource of 12 million tonnes at 0.43% V_2O_5 and low grade hanging wall resource of 70 million 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 modelled 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 below.

RESOURCE TABLE (Cut off grade 0.3% V2O5)

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 Gabanintha deposit is unique as it contains a "Windimurra" style hanging wall ore zone AND a "Balla Balla" style foot wall zone. This unique ore type stacking would allow the exploitation of a low grade feed to an onsite ferro vanadium plant similar to that at Windimurra as well as the direct shipping of a lump or fine Balla Balla style iron rich feedstock on the single site.

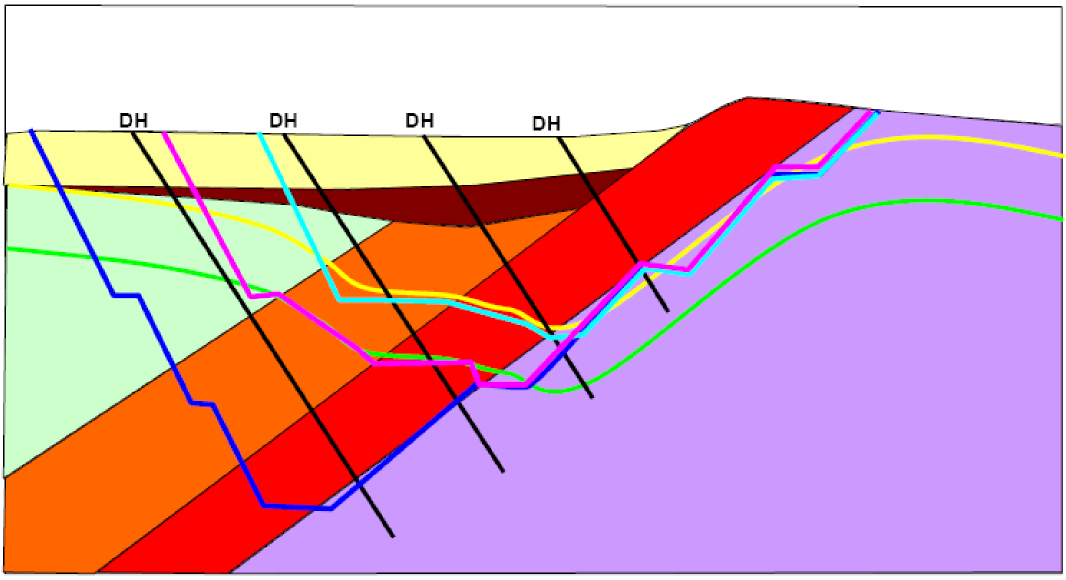
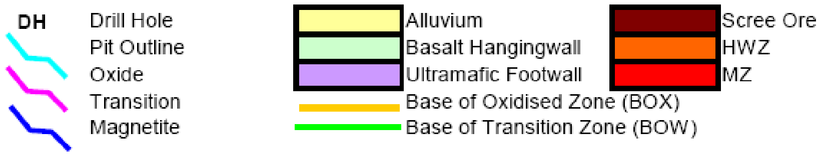


Figure 1 Schematic Section Showing Ore Types and Pit Development



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.

During the June 2009 quarter, the Company carried out a reverse circulation (RC) drilling campaign on the Gabanintha Vanadium Iron Titanium Project.

Highlights include:

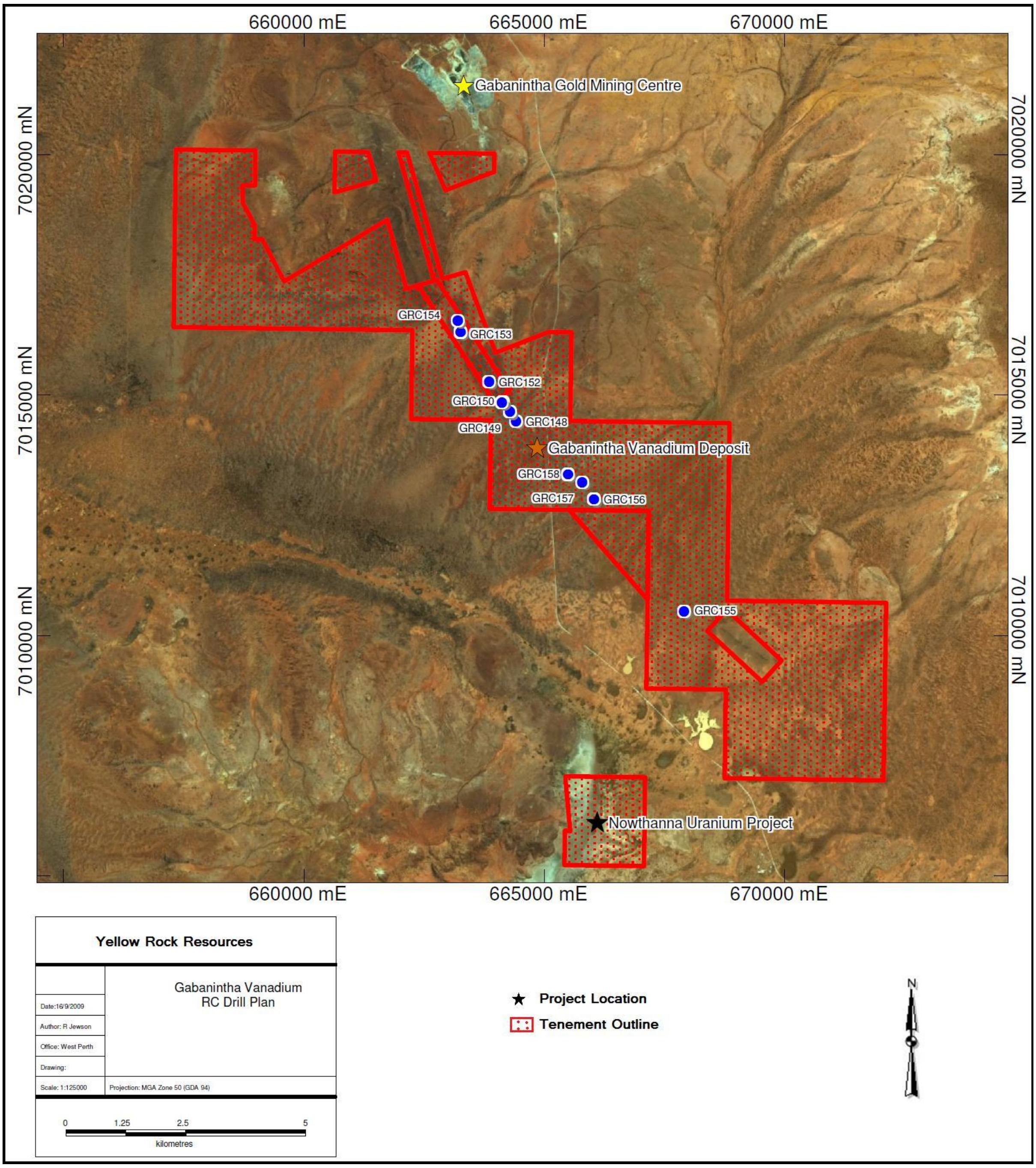
- Confirmation of wide zones of high grade mineralisation
- Highest grade intercept of drilling campaign of 1.39% V_20_5 (GRC157, 15-19m)
- Diamond drilling to test down dip extension to resources and provide metallurgical samples scheduled to begin first week in October 2009
- Results of RC and Diamond drilling will be utilised to upgrade the existing resource
- Significant Gold geochemical anomaly associated with intense alteration, warrants further investigation

Significant Results:

Hole	From(m)	To(m)	Interval	Fe%	TiO2%	V2O5%
GRC148	81	120	39	29.48	7.22	0.60
			Including 18m	39.85	9.97	0.85
GRC149	38	56	18	43.36	11.38	1.03
			Including 11m	48.69	13.35	1.21
GRC150	77	92	15	42.00	10.24	0.94
GRC152	100	113	13	47.59	12.13	1.10
GRC153	107	123	16	43.44	12.67	1.09
GRC154	72	93	21	40.54	11.17	0.97
GRC155	114	136	22	44.66	10.51	0.93
GRC157	12	23	11	42.59	13.07	1.21
GRC158	113	133	20	44.39	10.81	0.98

RC Drilling:

The RC drilling campaign consisted of 11 RC holes for a total of 1,233m, designed to increase the confidence level in the existing resource. Results exceeded expectations, confirming the continuity and high grade nature of mineralisation. These results reinforce the robust nature of the resource.



Gabanintha Gold Exploration:

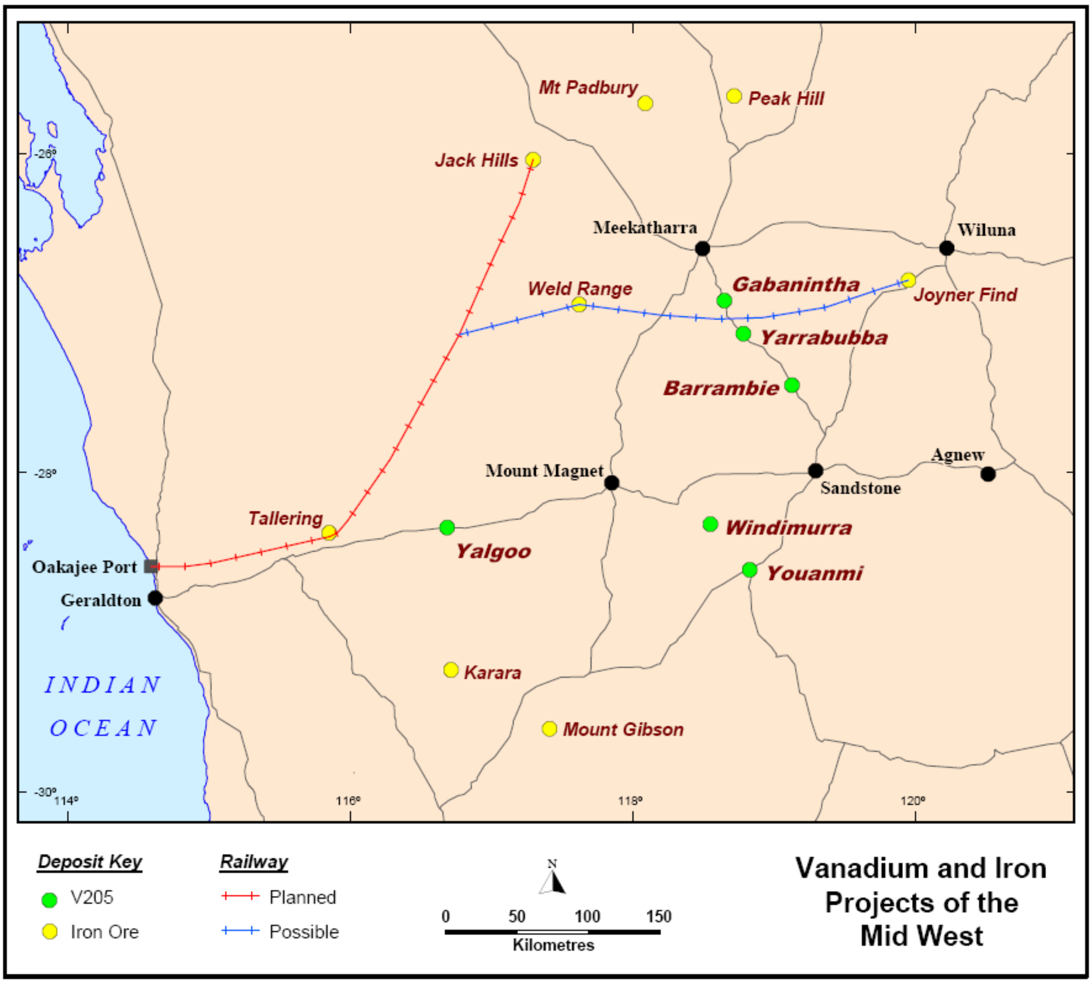
Significant alteration was identified in drilling, including the presence of bleaching, sulphides with mica minerals and carbonates. Gold mineralisation was found to be associated with a major structural control within the vanadiferous-titano-magnetite sequence assaying up to 0.11 g/t Au in a 3m interval.

Drilling information will be integrated into the regional geological model to further refine structural targets identified, these will be followed up with geochemical sampling and drilling in the next RC program.

Future Activity:

The Company has engaged BatteryLimits, a mineral processing consultancy, to examine suitable processing and product streams for the resource. Preliminary metallurgy and chemical studies of drill samples are underway. A 100kg bulk sample of outcropping massive high grade mineralisation was despatched to Ammtec Pty Ltd for crushing and screening testwork.

The company's focus is the development of the Gabanintha Vanadium deposit, transforming the project from an advanced exploration to mine development project. Whilst the primary focus is Gabanintha, exploration activity for alternate commodities, which include gold and uranium, over an array of highly prospective tenements located in Western Australia and Northern Territory will be substantially increased.



Location of Gabanintha and other iron, titanium and vanadium ore bodies in the area with planned railway routes

Nowthanna Uranium Project, Western Australia

The Company has commissioned a desktop review and evaluation of the Nowthanna Uranium lease. Work will include compilation of all historical exploration information and identification of prospective targets.

McKeddies Project, Northern Territory

The tenements are located 160 km south east of Darwin in the Northern Territory and lie within the early Proterozoic sedimentary basin known as the Pine Creek Geosyncline. This geological structure, which is recognised as a major uranium and gold province, already hosts the South Alligator River Valley Uranium Field. This Field, 40 km south east of McKeddies, is one of the richest uranium mining areas ever discovered in Australia.

During the period the Company contracted the services of GPX Airborne Services Pty Ltd ("GPX") to complete a magnetic and radiometric airborne survey of its tenements in the top end of the Northern Territory.

GPX used a fixed winged aircraft to conduct the airborne survey. The survey was flown in an east – west direction using 100 metre line spacing for a total of 10,780 line kilometres.

Interpretation by the Company's consulting geologists of the airborne survey information will be used to plan the way forward on the McKeddies project area.

The granted tenement covered by the survey is known as McKeddies and is MCN668-71 which is owned as to 20% by the Company and the balance of 80% by Padbury Mining Ltd (ASX Code: PDY).

West Arnhem Tenure, Northern Territory

The West Arnhem Tenure comprised ELA 25638 – Gumadeer, ELA 25645 – Table Hill and ELA 26076 – Mann.

The Gumadeer, Table Hill and Mann tenements, known as the West Arnhem Tenure (**WAT**) are situated within the the Alligator Rivers Uranium Field (**ARUF**) southeast of the large uranium deposits of Ranger, Jabiluka, Koongarra and Nabarlek. This region is located approximately 250 kilometres east of Darwin and has been responsible for the majority of the uranium oxide produced in Australia.

The main focus of exploration in the West Arnhem region is the discovery of unconformity-related uranium deposits.

Following a review of the Company's tenement portfolio, a decision was taken to surrender ELA 25638 – Gumadeer.

COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr 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 Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code"). Mr Schwann consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Your directors present their report on the company and its controlled entities for the year ended 30 June 2009.

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:

Donald Valentino	– appointed 15 May 2009
Jeffrey Green	– appointed 2 July 2009
Rocco Schirripa	– appointed 26 November 2008
Peter Remta	– appointed 24 September 2008; resigned 23 June 2009
Brian John	– appointed 26 November 2008; resigned 15 May 2009
Denis McInerney	– resigned 26 November 2008
John Geary	– resigned 11 December 2008
Quentin Williams	– resigned 18 December 2008

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:

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.

Director since 15 May 2009.

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

- Genesis Biomedical Limited (25 May 2006 to 31 January 2009)

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 brings to the company significant knowledge and vision as a result of his extensive experience in the strategic development and leadership of a large company together with his broad bases background in the resources sector. Mr Green is currently a non-executive director of Magna Mining NL.

Director since 2 July 2009.

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

- Magna Mining NL (22 January 2007 to present)

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.

He is currently involved in the management of a very successful finance consulting business specialising in services to small and medium size companies.

Director since 26 November 2009.

Mr Schirripa has held no other listed company directorships in the last 3 years.

Peter Remta, Ll.B. Public Notary - Non-Executive Chairman

Mr Remta was a corporate lawyer before entering the mining and corporate investment industries as a director and legal consultant.

He has been involved with several successful stock exchange listings and corporate restructurings in Australia, United Kingdom and United States of America, including the first dual listing of an Australian company on NASDAQ. One of the first mining companies founded and then managed by him became under his guidance a leading Australian gold miner with three world class mines which are still in production. In addition he has been a consultant to a locally based investment bank and the co-founder of a well known Perth stock broking firm.

Mr Remta has been both an executive and non-executive director of several stock exchange listed companies and was the federal president of Taxpayers Australia, a committee member of The Western Australian Turf Club and on the boards of The National Theatre Company and the Bunbury Cathedral Grammar School.

He was the honorary consul-general for the Philippines in Western Australia for many years because of his business and government contacts and assisted that country with the setting up of its mining regime.

Mr Remta was appointed a director on 24 September 2008 and resigned on 23 June 2009.

Brian John – Non-Executive Director

Mr John has over 40 years experience in the banking arena, and was a senior state manager for one of Australia's largest retail banks. He is actively involved as a finance and management consultant to several companies and chairman of a large and successful scrap metal business group.

Mr John was appointed a director on 26 November 2008 and resigned on 15 May 2009.

Denis McInerney, Non-Executive Director

Denis McInerney is the founding dealer principal of McInerney Ford, a leading motor dealership in Western Australia.

He has taken a leading role in a number of major sporting organizations and is currently chairman of the West Australian Sports Centre Trust. He was a founding partner in the West Coast Eagles AFL club and is currently number one ticket holder at Claremont Football Club. At various time over the years Mr McInerney has served as a director on several publicly listed mining companies.

Mr McInerney resigned as a director on 26 November 2008.

John Geary, B. Bus, Grad. Dip Acctg, Grad Dip Adv. Taxation - Executive Director

John Geary was born and educated in Perth Western Australia. He has over thirty years experience in the mineral exploration industry both in Australia and overseas.

His experience includes prospecting, tenement acquisition, owner/operator of a contract drilling company and the promotion, listing and management of an exploration company on the Australian Stock Exchange. He has been actively involved in the planning and implementation of many exploration programmes.

This 'hands on' experience is complemented by Tertiary qualifications in Economics and Financial Management, Accounting and Taxation.

Mr Geary resigned as a director on 11 December 2008.

Quentin Williams, Non-Executive Director

Quentin Williams has vast experience as a senior Public Service Manager with the Australian Taxation Office. He has both directly managed and actively participated in several major technology based national system evaluations and implementation projects. This has included individual process based systems and the overall computer tax system. He has also worked on organization restructures, corporate reviews, major cultural changes and the implementation of manager development programs. More recently he spent over 5 years as an executive director of the Fraud Investigation and Serious Non Compliance Business Area of the Australian Taxation Office in WA.

In addition, Mr Williams has 10 years experience as a director of a West Australian Credit Society.

Mr Williams resigned as a director on 18 December 2008.

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
D Valentino	2,697,720	2,377,251
J Green	-	-
R Schirripa	100,000	-

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 $23,976,624 (2008: $1,366,801). The loss for the year included an allowance for impairment on capitalised exploration and evaluation of $22,295,419.

Financial Position

At 30 June 2009, the Group had cash reserves of $1,591,025.

Financing and Investing Activities

The company issued the following securities during the year:

- 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.

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

Subsequent to year end the company:

(a) completed a placement of 15,500,000 ordinary fully paid shares ("Shares"), together with 15,500,00 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 $604,500; and

(b) resolved, subject to shareholder approval, to undertake further placements of securities as follows:

  (i) the issue and allotment of 95,000,000 Shares at an issue price of $0.039 each, together with the grant of one free Option for every Share subscribed for and issued, to raise $3,705,000 (before expenses of the issue);

  (ii) the issue and allotment of up to 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; and

  (iii) the issue of incentive options to Directors and officers of the Company on the following basis:

  - 4,666,667 options exercisable at 8 cents each on or before 1 September 2011;
  - 4,666,667 options exercisable at 11 cents each on or before 1 September 2012; and
  - 4,666,666 options exercisable at 14 cents each on or before 1 September 2013;

  The options will have a vesting date of 1 September 2010.

Except for the above, 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**
D Valentino	-	-
J Green	-	-
R Schirripa	8	8
P Remta	10	10
B John	8	7
D McInerney	7	2
J Geary	7	7
Q Williams	7	6

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.

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.

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) – appointed 15 May 2009
Rocco Schirripa	Director (non-executive) – appointed 26 November 2008
Peter Remta	Chairman (non-executive) – appointed 24 September 2008; resigned 23 June 2009
Brian John	Director (non-executive) – appointed 26 November 2008; resigned 15 May 2009
Denis McInerney	Chairman (non-executive) – resigned 26 November 2008
John Geary	Director (executive) – resigned 11 December 2008
Quentin Williams	Director (non-executive) – resigned 18 December 2008

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

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:

		Short Term Benefits	**Post Employment**	**Share Based Payments**		
	Year	**Salary and fees $**	**Superannuation $**	**Options $**	**Total $**	Remuneration consisting of options during the year %
Directors						
D Valentino	**2009**	**5,974**	**17,492**	**-**	**23,466**	-
	2008	-	-	-	-	-
R Schirripa	**2009**	**16,664**	**1,312**	**-**	**17,976**	-
	2008	-	-	-	-	-
P Remta	**2009**	**51,000**	**4,500**	**-**	**55,500**	-
	2008	-	-	-	-	-
B John	**2009**	**10,415**	**2,083**	**-**	**12,498**	-
	2008	-	-	-	-	-
D McInerney	**2009**	**29,167**	**-**	**-**	**29,167**	-
	2008	70,000	-	475,000	545,000	87%
J Geary	**2009**	**100,000**	**-**	**-**	**100,000**	-
	2008	85,000	-	475,000	560,000	85%
Q Williams	**2009**	**-**	**15,417**	**-**	**15,417**	-
	2008	-	25,000	-	25,000	-
Total	**2009**	**213,220**	**40,804**	**-**	**254,024**	-
	2008	155,000	25,000	950,000	1,130,000	84%

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

No options were granted as equity compensation benefits during the year.

During the previous financial year, 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 20 cents each on or before 30 November 2009. The options granted are in the same class as the existing listed options.

Director	**Number Granted**	**Grant Date**	**Value per option**	**Exercise Price**	**Exercise Date**
D McInerney	2,500,000	5/7/2007	$0.19	$0.20	30/11/2009
J Geary	2,500,000	5/7/2007	$0.19	$0.20	30/11/2009

The assessed fair value of the options was determined based on the quoted price of the options on ASX at the date of grant.

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:

- 179,873,800 options expiring 30 November 2009, exercisable at 20 cents each; and
- 15,500,000 options expiring 30 September 2012, exercisable at 7 cents each.

During the year 8,000,000 options expiring 30 November 2009, exercisable at 20 cents each were issued.

Subsequent to year end, 15,500,000 options expiring 30 September 2012, exercisable at 7 cents each were issued.

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.

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 2009, 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.

Donald Valentino
Executive Chairman
Perth, 30 September 2009

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
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• 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
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		

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.

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 two Non-Executive Directors and one Executive Director. 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 not independent and the role of Chair and chief executive officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is 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 Executive Chairman 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
- 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, Presently, the role of Chair and chief executive officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company. The Board will monitor the need to separate these roles as the company's circumstances change.

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.

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
Jeffrey Green	Non-Executive Director
Rocco Schirripa	Non-Executive Director

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

Name	Term on Office
Donald Valentino	Since 15 May 2009
Jeffrey Green	Since 2 July 2009
Rocco Schirripa	Since 26 November 2008

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 an 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.

WESTERN AUSTRALIA

Gabanintha 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

Douglas Range Tenements (Held by Australian Uranium Ltd - 100%)

E 25339 Douglas Range - Uranium

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 27505 Table Hill
ELA 27506 Mann
MCN 668-671 McKeddies

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent Entity	
	Note	2009 $	2008 $	2009 $	2008 $
Revenue	2(a)	**122,561**	157,788	**122,561**	157,788
Exploration and evaluation expenditure		**(43,880)**	(57,341)	**(32,810)**	(57,341)
Impairment of exploration and evaluation		**(22,295,419)**	-	-	-
Depreciation		**(161)**	-	**(161)**	-
Directors fees and benefits expense		**(254,024)**	(180,000)	**(254,024)**	(180,000)
Share based payment		-	(950,000)	-	(950,000)
Impairment of other financial assets		**(861,562)**	-	**(22,602,920)**	-
Share of net loss of associate		**(2,853)**	-	-	-
Impairment of receivables		-	-	**(567,984)**	-
Other expenses	2(b)	**(641,286)**	(337,248)	**(641,286)**	(337,248)
Loss before income tax expense		**(23,976,624)**	(1,366,801)	**(23,976,624)**	(1,366,801)
Income tax expense	3	-	-	-	-
Net Loss attributable to members of the Yellow Rock Resources Ltd		**(23,976,624)**	(1,366,801)	**(23,976,624)**	(1,366,801)
		Cents	**Cents**		
Basic / diluted earnings per share	5	**(11.56)**	(0.91)		

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	6	**1,591,025**	1,609,482	**1,590,925**	1,609,382
Trade and other receivables	7	**124,205**	113,303	**124,205**	113,303
Total Current Assets		**1,715,230**	1,722,785	**1,715,130**	1,722,685
Non-Current Assets					
Trade and other receivables	7	**2,611**	2,227	**196,589**	621,552
Investments accounted for using the equity method	8	**1,685,585**	2,550,000	**-**	-
Other financial assets	9	**-**	-	**36,580,080**	59,183,000
Plant and equipment		**2,721**	-	**2,721**	-
Deferred exploration expenditure	10	**45,029,075**	66,346,014	**9,940,702**	9,093,789
Total Non-Current Assets		**46,719,992**	68,898,241	**46,720,092**	68,898,341
Total Assets		**48,435,222**	70,621,026	**48,435,222**	70,621,026
LIABILITIES					
Current Liabilities					
Trade and other payables	11	**228,783**	437,963	**228,783**	437,963
Total Current Liabilities		**228,783**	437,963	**228,783**	437,963
Total Liabilities		**228,783**	437,963	**228,783**	437,963
Net Assets		**48,206,439**	70,183,063	**48,206,439**	70,183,063
EQUITY					
Issued capital	12	**52,740,910**	50,740,910	**52,740,910**	50,740,910
Reserves		**20,967,000**	20,967,000	**20,967,000**	20,967,000
Accumulated losses		**(25,501,471)**	(1,524,847)	**(25,501,471)**	(1,524,847)
Total Equity		**48,206,439**	70,183,063	**48,206,439**	70,183,063

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Other Reserves $**	**Total $**
Balance at 1 July 2007	30,373,910	(158,046)	10,192,000	40,407,864
Securities issued during the year	20,367,000	-	9,825,000	30,192,000
Share-based payments	-	-	950,000	950,000
Loss attributable to members of the parent entity	-	(1,366,801)	-	(1,366,801)
Balance at 30 June 2008	**50,740,910**	**(1,524,847)**	**20,967,000**	**70,183,063**
Securities issued during the year	**2,000,000**	**-**	**-**	**2,000,000**
Loss attributable to members of the parent entity	**-**	**(23,976,624)**	**-**	**(23,976,624)**
Balance at 30 June 2009	**52,740,910**	**(25,501,471)**	**20,967,000**	**48,206,439**

Parent	**Issued Capital $**	**Accumulated Losses $**	**Other Reserves $**	**Total $**
Balance at 1 July 2007	30,373,910	(158,046)	10,192,000	40,407,864
Securities issued during the year	20,367,000	-	9,825,000	30,192,000
Share-based payments	-	-	950,000	950,000
Loss attributable to members of the parent entity	-	(1,366,801)	-	(1,366,801)
Balance at 30 June 2008	**50,740,910**	**(1,524,847)**	**20,967,000**	**70,183,063**
Securities issued during the year	**2,000,000**	**-**	**-**	**2,000,000**
Loss attributable to members of the parent entity	**-**	**(23,976,624)**	**-**	**(23,976,624)**
Balance at 30 June 2009	**52,740,910**	**(25,501,471)**	**20,967,000**	**48,206,439**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers		**-**	-	**-**	-
Payments to suppliers and employees		**(842,484)**	(560,238)	**(842,484)**	(560,238)
Interest received		**123,834**	139,217	**123,834**	139,217
Expenditure on mining interests		**(43,080)**	(57,537)	**(32,009)**	(57,537)
Net cash provided by/(used in) operating activities	6(i)	**(761,730)**	(478,558)	**(750,659)**	(478,558)
Cash flows from investing activities					
Expenditure on mining interests		**(902,642)**	(1,128,119)	**(721,246)**	(637,472)
Payment for plant and equipment		**(2,882)**	-	**(2,882)**	-
Loans to controlled entities		**-**	-	**(192,467)**	(490,647)
Loans to other entities		**(51,203)**	(17,326)	**(51,203)**	(17,326)
Net cash used in investing activities		**(956,727)**	(1,145,445)	**(967,798)**	(1,145,445)
Cash flows from financing activities					
Proceeds from issue of shares		**2,000,000**	17,000	**2,000,000**	17,000
Repayment of borrowings		**(300,000)**	(24,272)	**(300,000)**	(24,272)
Net cash provided by financing activities		**1,700,000**	(7,272)	**1,700,000**	(7,272)
Net increase in cash held		**(18,457)**	(1,631,275)	**(18,457)**	(1,631,275)
Cash at beginning of the financial year		**1,609,482**	3,240,757	**1,609,382**	3,240,657
Cash at end of financial year	6	**1,591,025**	1,609,482	**1,590,925**	1,609,382

The accompanying notes form part of these financial statements.

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 year ended 30 June 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

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 2009. 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.

(c) Statement of Compliance

The financial report was authorised for issue on 30 September 2009.

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").

The financial statements of the subsidiaries are prepared for the same period as the parent entity, 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 acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

(e) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

1. Summary of Significant Accounting Policies (Cont.)

(e) Business combinations (Cont.)

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the 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.

(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 balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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.

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 balance sheet 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.

1. Summary of Significant Accounting Policies (Cont.)

(i) Income Tax (Cont.)

Unrecognised deferred income tax assets are reassessed at each balance sheet 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 balance sheet 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 balance sheet.

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.

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

1. Summary of Significant Accounting Policies (Cont.)

(k) Financial assets(Cont.)

(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 balance sheet 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 an 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.

(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).

1. Summary of Significant Accounting Policies (Cont.)

(m) Impairment of assets(Cont.)

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 assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement 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).

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 income statement 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.

1. Summary of Significant Accounting Policies (Cont.)

(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) 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.

(s) 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 income statement and its share of post-acquisition movements in reserves is recognised in associates reserve.

(t) 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 asset belongs, unless the as’et'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 income statement.

(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

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

(u) Comparative Figure

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(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 income statement.

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.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
2. *Revenue and Expenses*				
(a) Revenue				
Interest received – other corporations	**122,561**	157,788	**122,561**	157,788
(b) Expenses				
Stock exchange and registry fees	**51,829**	111,488	**51,829**	111,488
Legal fees	**42,925**	96,852	**42,925**	96,852
Auditor's fees	**22,000**	14,000	**22,000**	14,000
Operating lease rental expense	**7,425**	18,474	**7,425**	18,474
Office facility expenses	**61,091**	-	**61,091**	-
Consulting fees	**420,375**	45,000	**420,375**	45,000
Other	**35,641**	51,434	**35,641**	51,434
	641,286	337,248	**641,286**	337,248
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	**(23,976,624)**	(1,366,801)	**(23,976,624)**	(1,366,801)
Prima facie income tax (benefit) @ 30%	**(7,192,987)**	(410,004)	**(7,192,987)**	(410,004)
Tax effect of non-deductible items	**6,780,020**	285,000	**6,950,415**	285,000
Deferred tax assets not brought to account	**412,967**	125,004	**242,572**	125,004
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:	**585,422**	172,454	**415,026**	172,454

There are no franking credits available to the Group.

	Consolidated		Parent Entity	
4. *Auditors' Remuneration*				
Amounts, received or due and receivable by RSM Bird Cameron Partners for:				
- an audit or review services	**18,500**	14,000	**18,500**	14,000
	18,500	14,000	**18,500**	14,000

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $

5. ***Earnings per Share (EPS)***

	Cents	Cents
Basic earnings per share	**(11.56)**	(0.91)

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	**(23,976,624)**	(1,366,801)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	**207,430,315**	150,834,006

Diluted earnings per share has not been calculated as there were no options on issue which would be potential ordinary shares having a dilutive effect.

6. ***Cash and Cash Equivalents***

Cash at bank	**1,591,025**	1,609,482	**1,590,925**	1,609,382

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	**(23,976,624)**	(1,366,801)	**(23,976,624)**	(1,366,801)
Depreciation	**161**	-	**161**	-
Impairment of other financial assets	**861,562**	-	**22,602,920**	-
Share of loss of associate	**2,853**	-	**-**	-
Impairment of receivables	**-**	-	**567,984**	-
Impairment of exploration and evaluation	**22,295,419**	-	**-**	-
Equity settled share based payment	**-**	950,000	**-**	950,000
Changes in assets and liabilities				
Receivables	**(11,228)**	(18,571)	**(11,227)**	(18,571)
Payables	**6,276**	(13,314)	**6,276**	(13,314)
GST payable/receivable	**59,851**	(29,872)	**59,851**	(29,872)
Net cash flows from operating activities	**(761,730)**	(478,558)	**(750,659)**	(478,558)

(ii) Non-cash financing and investing activities

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

During the previous financial year the company:

(a) 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 options. The fair value of the consideration at date of acquisition was $2,550,000; and

(b) 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 options. The fair value of the consideration at date of acquisition was $27,625,000.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
7. *Trade and other receivables*				
Current				
Interest receivable	**29,798**	18,571	**29,798**	18,571
GST recoverable	**28,407**	78,732	**28,407**	78,732
Other receivables	**66,000**	16,000	**66,000**	16,000
	124,205	113,303	**124,205**	113,303

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 controlled entities	**-**	-	**761,962**	619,325
Allowance for impairment	**-**	-	**(567,984)**	-
	-	-	**193,978**	619,325
Amounts owing by associates	**2,611**	2,227	**2,611**	2,227
	2,611	2,227	**196,589**	621,552

Terms and conditions relating to the above financial instruments:

- Transactions between the parent entity and its controlled entities consist of intercompany loans, upon which no interest is charged and no repayment schedule exists. The fair value approximates the carrying value of the receivable. An allowance for impairment loss is recognised where there is objective evidence that the inter-company loan receivable is impaired.
- The director do not believe that there are any indicators that the receivable from the controlled entity is impaired due to current and prospective activities being undertaken by the controlled entities in regards to their exploration projects.

8. *Investments accounted for using the equity method*

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

Interests are held in the following associated companies

Name	**Principal Activities**	**Country of Incorporation**	**Shares**	**Ownership Interest**		**Carrying amount of investment**	
				2009 %	**2008 %**	**2009 $**	**2008 $**
Unlisted:							
Apogei Pty Ltd	Mineral Exploration	Australia	Ordinary	**20.00**	20.00	**1,685,585**	2,550,000
						1,685,585	2,550,000

(a) Movements during the year in equity accounted investments in associated company	**Consolidated**		**Parent Entity**	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Balance at beginning of the financial year	**2,550,000**	-	**-**	-
Add: New investments during the year	**-**	2,550,000	**-**	-
Share of associated company's loss after income tax	**(2,853)**	-	**-**	-
Impairment loss from revaluation of associate	**(861,562)**		**-**	-
	1,685,585	2,550,000	**-**	-

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $

8. *Investments accounted for using the equity method (Cont.)*

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

	2009 $	2008 $	2009 $	2008 $
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)**	-	-	-

(c) Summarised presentation of share of aggregate assets, liabilities and performance of associate

	2009 $	2008 $	2009 $	2008 $
Current assets	**20**	20	-	-
Non-current assets	-	2,399	-	-
Total assets	**20**	2,419	-	-
Current liabilities	**2,853**	2,399	-	-
Total liabilities	**2,853**	2,399	-	-
Net Assets	**(2,833)**	20	-	-
Revenues	-	-	-	-
Loss after income tax of associate	**(2,853)**	-	-	-
(d) Investment in associate-at fair value	**1,685,585**	2,550,000	-	-

9. *Other financial assets*

	2009 $	2008 $	2009 $	2008 $
Non-Current				
Share in associate company	-	-	**2,550,000**	2,550,000
Allowance for impairment	-	-	**(864,415)**	-
	-	-	**1,685,585**	2,550,000
Shares in controlled entities – Note 17(a)	-	-	**56,633,000**	56,633,000
Allowance for impairment	-	-	**(21,738,505)**	-
	-	-	**34,894,495**	56,633,000
Total			**36,580,080**	59,183,000

Reconciliation – Non Current

	2009 $	2008 $	2009 $	2008 $
At 1 July, at fair value	-	-	**59,183,000**	29,008,000
Additions	-	-	-	30,175,000
Allowance for impairment	-	-	**(22,602,920)**	-
Disposals	-	-	-	-
At 30 June, at fair value	-	-	**36,580,080**	59,183,000

The fair value approximates the carrying value of investments. An allowance for impairment loss is recognised where there is objective evidence that the investment in controlled entities is impaired due to current and prospective activities being undertaken by the controlled entities in regards to their exploration projects.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
10. *Deferred exploration expenditure*				
Expenditure brought forward	**66,346,014**	37,671,029	**9,093,789**	8,562,216
Tenement acquisition	**547,970**	-	**547,970**	-
Tenements acquired from acquisition of controlled entity	-	27,625,000	-	-
Allowance for impairment	**(22,295,419)**	-	-	-
Expenditure incurred during year	**474,390**	1,107,326	**331,752**	588,914
Expenditure written off during year	**(43,880)**	(57,341)	**(32,809)**	(57,341)
Expenditure carried forward	**45,029,075**	66,346,014	**9,940,702**	9,093,789

11. *Trade and other payables*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Trade payables and accruals				
Other corporations	**228,783**	112,130	**228,783**	112,130
Director related entities	-	25,833	-	25,833
Amount payable – Former parent entity	-	300,000	-	300,000
	228,783	437,963	**228,783**	437,963

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.
- Amounts payable to the company's former parent entity are non-interest bearing and repayable on demand. The fair value approximates the carrying value of the payable.

12. *Issued Capital*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) **Issued and paid up capital**				
Ordinary shares fully paid	**52,740,910**	50,740,910	**52,740,910**	50,740,910

(b) **Movement in ordinary shares on issue**	**2009 Number**	**2009 $**	2008 Number	2008 $
Balance at beginning of year	**188,526,205**	**50,740,910**	97,441,205	30,373,910
Issue for cash – 21 July 2008	**20,000,000**	**2,000,000**	-	-
Issue for cash on exercise of share options (20 cents per share)	-	-	85,000	17,000
Issue on acquisition of Apogei Pty Ltd – 29 August 2007	-	-	6,000,000	1,650,000
Issue on acquisition of Cabe Resources Ltd – 5 December 2007	-	-	85,000,000	18,700,000
Expenses of issue			-	-
Balance at end of year	**208,526,205**	**52,740,910**	188,526,205	50,740,910

(c) **Share Options**

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

- 179,873,800 options expiring 30 November 2009 at an exercise price of 20 cents each.

8,000,000 options were granted during the financial year.

12. *Issued Capital (Cont.)*

(d) **Terms and conditions of contributed equity**

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.

	Consolidated		Parent Entity	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**

13. *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	**334,560**	364,560	**94,560**	94,560

14. *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.

15. *Financial Reporting by Segments*

During the financial year, the company 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 prior year.

16. *Business Combinations*

There were no acquisition during the financial year.

17. *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	
		2009 **%**	2008 %	**2009** **$**	2008 $
Australian Uranium Ltd	Australia	**100**	100	**29,008,000**	29,008,000
Cabe Resources Ltd	Australia	**100**	100	**27,625,000**	27,625,000
				56,633,000	56,633,000

(b) Parent entity

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

(c) Key management personnel

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

(d) Transactions with related parties

During the period that Mr Peter Remta was a director, consulting fees of $150,000 were paid to Streamline Capital Pty Ltd, a company in which Mr Remta's son has significant influence.

(e) Loan from former related party

	Consolidated		Parent Entity	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Loan from former parent entity				
Balance at beginning of year	**300,000**	324,272	**300,000**	324,272
Loans advanced	-	-	-	-
Loan repayments made	**(300,000)**	(24,272)	**(300,000)**	(24,272)
Balance at beginning of year	-	300,000	-	300,000

Yellow Rock Resources Limited was provided unsecured, interest free loans from its former parent entity. The loan was repayable on demand.

18. ***Director and Executive Disclosures***

(a) Compensation of Key Management Personnel

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

(b) Option holdings of Key Management Personnel

	Balance 01/07/08	Granted as Remuneration	Options Exercised	Net Change Other #	Balance 30/06/09
Directors					
D Valentino	-	-	-	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.

	Balance 01/07/07	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/08
Directors					
D McInerney	-	2,500,000	-	-	2,500,000
J Geary	-	2,500,000	-	4,000,000	6,500,000
Q Williams	10,000	-	-	-	10,000

(c) Shareholdings of Key Management Personnel

	Balance 01/07/08	Received as Remuneration	Options Exercised	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.
\## Shares acquired during the period.

	Balance 01/07/07	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/08
Q Williams	10,000	-	-	-	10,000

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.

19. *Share Based Payments*

(a) Summary of share-based payments

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

The following share-based payment arrangements existed at 30 June 2008:

The previous financial year options were granted as equity compensation benefits to Directors and Executives as detailed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company. The options granted were in the same class as existing listed options. The assessed fair value of the options was therefore determined based on the quoted price of the options on ASX at the date of grant.

Number Granted	Grant Date	Value per option	Exercise Price	Exercise Date
5,000,000	5/7/2007	$0.19	$0.20	30/11/2009

(b) Range of exercise price

The options granted as share-based payment options outstanding at the end of the year have an exercise price of $0.20 each.

(c) Weighted average remaining contractual life

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2009 was 0.42 years.

(d) Weighted average fair value

The weighted average fair value of share-based payment options granted was $0.19.

(e) Value of share-based payments in the financial statements

No share-based payments were made in 2009. In 2008, included as an expense in the income statement was $950,000 and relates, to shared based payments made during that year.

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.

20. *Financial Risk Management (Cont.)*

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 balance sheet 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		Parent Entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Financial Assets				
Cash and cash equivalents (interest-bearing accounts)	**1,591,025**	1,609,482	**1,590,925**	1,609,382
Net exposure	**1,591,025**	1,609,482	**1,590,925**	1,609,382

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

At 30 June 2009, 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%	**7,955**	8,047	**7,955**	8,047
- 0.5%	**(7,955)**	(8,047)	**(7,955)**	(8,047)
Equity – higher / (lower)				
+ 0.5%	**7,955**	8,047	**7,955**	8,047
- 0.5%	**(7,955)**	(8,047)	**(7,955)**	(8,047)

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.

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 Balance Sheet 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.

20. *Financial Risk Management (Cont.)*

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 balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless other wise stated in the applicable notes.

21. *Events Subsequent to Year End*

Subsequent to year end the company:

(a) completed a placement of 15,500,000 ordinary fully paid shares ("Shares"), together with 15,500,00 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 $604,500; and

(b) resolved, subject to shareholder approval, to undertake further placements of securities as follows:

(i) the issue and allotment of 95,000,000 Shares at an issue price of $0.039 each, together with the grant of one free Option for every Share subscribed for and issued, to raise $3,705,000 (before expenses of the issue);

(ii) the issue and allotment of up to 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; and

(iii) the issue of incentive options to Directors and officers of the Company on the following basis:

- 4,666,667 options exercisable at 8 cents each on or before 1 September 2011;
- 4,666,667 options exercisable at 11 cents each on or before 1 September 2012; and
- 4,666,666 options exercisable at 14 cents each on or before 1 September 2013;

The options will have a vesting date of 1 September 2010.

There are no other matters or circumstances that have arisen since 30 June 2009 that have or may significantly affect the operations, results, or state of affairs of the company in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Yellow rock Resources Limited, I state that:

1. In the opinion of the directors:

   a) The financial statements and 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 2009 and of their performance for the year ended on that date; and

      ii) complying with Accounting Standards 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.

2. 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 2009.

On behalf of the Board

Donald Valentino
Executive Chairman

Perth, 30 September 2009

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

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 ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, 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, 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 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.

Independence

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 company's and consolidated entity's financial position as at 30 June 2009 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. 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 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

Perth, WA
Dated: 30 September 2009

D J WALL
Partner

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9111
www.rsmi.com.au

AUDITOR INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Yellow Rock Resources Limited for the year ended 30 June 2009, 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
Partner

Perth, WA
Dated: 30 September 2009

STOCK EXCHANGE INFORMATION

HOLDINGS AS AT 25 SEPTEMBER 2009

Number of Securities Held	FULLY PAID SHARES No. of Holders	OPTIONS 30 November 2009 No. of Holders
1 to 1,000	35	-
1,001 to 5,000	232	18
5,001 to 10,000	287	126
10,001 to 100,000	751	372
100,001 and over	244	197
Total Number of Holders	1,549	713
Number of holders of less than a marketable parcel	285	589
Percentage of the 20 largest holders	52.76%	49.01%

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 25 September 2009:

Fully Paid Ordinary Shares

		No.	%
1.	Padbury Mining Limited	41,000,005	18.30
2.	Selcam Investments Pty Ltd	13,900,000	6.20
3.	Citicorp Nominees Pty Ltd	11,091,000	4.95
4.	Jamora Nominees Pty Ltd <Kaboonk Discretionary A/C>	5,500,000	2.46
5.	Corridor Nominees Pty Ltd	5,000,000	2.23
6.	Kimbriki Nominees Pty Ltd <Kimbriki Hamilton S/F A/C>	4,770,000	2.13
7.	Noel David McEvoy & Shelley Dawn McEvoy <The ND McEvoy Super Fund A/C>	4,315,790	1.93
8.	Cameron Thomas Hardie <Jecama Account>	3,925,902	1.75
9.	Fortis Clearing Nominees Pty Ltd <Settlement A/C>	3,655,850	1.63
10.	Der La Noble Corporation Limited	2,900,000	1.29
11.	Jayvee Investments Pty Ltd <Jayvee SP-Pension A/C>	2,697,720	1.20
12.	Merrill Lynch (Australia) Nominees Pty Ltd	2,677,201	1.20
13.	Steere Superfund Pty Ltd <John Steere Super Fund A/C>	2,650,000	1.18
14.	Edwards Engineering Pty Ltd	2,500,000	1.12
15.	Rod Wylde <The Wylde Investment A/C>	2,384,937	1.06
16.	Furner Holdings Pty Ltd <Furngold Family No. 2 A/C>	2,000,000	0.89
17.	Ness Investments Pty Ltd	2,000,000	0.89
18.	Peter John Benson & Elizabeth Ann Benson <Benson Family A/C>	1,830,000	0.82
19.	Queensway Investments Pty Ltd	1,730,769	0.77
20.	Bluebase Pty Ltd	1,666,667	0.74
		118,195,841	52.76

Options 30 November 2009

		No.	%
1.	Padbury Mining Limited	20,000,000	11.12
2.	Cameron Thomas Hardie <Jecama Account>	16,067,787	8.93
3.	Kimbriki Nominees Pty Ltd <Kimbriki Hamilton S/F A/C>	5,220,000	2.90
4.	Peter John Benson & Elizabeth Ann Benson	5,050,000	2.81
5.	Pata Nominees Pty Ltd <MPF A/C>	3,870,000	2.15
6.	Jelo Pty Ltd	3,400,000	1.89
7.	Fortis Clearing Nominees Pty Ltd <Settlement A/C>	3,083,595	1.71
8.	Ness Investments Pty Ltd	3,075,000	1.71
9.	Covella Pty Ltd	3,000,000	1.67
10.	Steere Superfund Pty Ltd <John Steere Super Fund A/C>	2,954,825	1.64
11.	Copley Pty Ltd	2,740,000	1.52
12.	Boambee Bay Pty Ltd <Boambee Bay A/C>	2,615,000	1.45
13.	Jayvee Investments Pty Ltd <Jayvee SP-Pension A/C>	2,377,251	1.32
14.	Selcam Investments Pty Ltd	2,350,000	1.31
15.	Iannello Pty Ltd <Iannello Super Fund A/C>	2,290,000	1.27
16.	Guritali Pty Ltd <N D McEvoy Family A/C>	2,200,000	1.22
17.	Grand Enterprises Pty Ltd (MPM A/C>	2,000,000	1.11
18.	McInerney Corporation (WA) Pty Ltd <The McInerney Super Fund A/C>	2,000,000	1.11
19.	Elizart Pty Ltd <Ronald George Miller A/C>	1,950,000	1.08
20.	Cameron Thomas Hardie	1,905,000	1.06
		88,148,458	49.01

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	**Number of Options**	**Number of Holders**
Options exercisable at 7 cents each on or before 30 September 2012	15,500,000	5
Holdings of more than 20% of this class		
- Jamora Nominees Pty Ltd <Kaboonk Discretionary A/C>	5,500,000	
- Corridor Nominees Pty Ltd	5,000,000	

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.