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YELLOW ROCK RESOURCES LIMITED

ABN 90 116 221 740

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2007

YELLOW ROCK RESOURCES LIMITED

CORPORATE DIRECTORY

DIRECTORS

Denis McInerney (Chairman)
John Geary
Quentin Williams

SECRETARY

John Geary

REGISTERED AND PRINCIPAL OFFICE

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SHARE REGISTRY

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AUDITORS

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

AUSTRALIAN SECURITIES EXCHANGE

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

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YELLOW ROCK RESOURCES LIMITED

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Denis McInerney – Non-Executive Chairman
John Geary – Executive Director
Quentin Williams – Non-Executive Director

REVIEW OF OPERATIONS

Gabanintha Vanadium/Titanium Project

During the period the Company completed a 42 hole 3,876m RC program at the Gabanintha vanadium project and received the final assays to 1,264 samples. This data together with previous exploration has allowed a block model to be generated. This was done for both resource calculation and guidance for future exploration in the area.

Schwann Consulting completed an initial resource model using all geological and assay data available as at the 3rd of October 2007 and prepared a mineral resource estimate. The resource estimate was classified in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC Code 2004).

The Magnetite - Vanadiferous Ilmenite deposit within the Company's Gabanintha Project has a strike length of 12 km of which only 9.5km is tested with a drilled vertical depth from surface down to 105m. The RC drilling was done in three stages and the last two comprise 80% of the drilling used. Based on these criteria Schwann Consulting estimated the deposit contains an

Indicated Resource of 92.5Mt grading 0.81 V₂O₅ and 9.81% TiO₂ with 51.2% Fe₂O₃.

No down dip or along strike Inferred Resources were calculated as they will be investigated in the next phase of drilling.

The initial block model defines a robust high grade deposit averaging 18m true thickness and with a strike length of 9.5 km. This world class orebody is basically a gently curved thick layer dipping at 40° to 60° SW and striking NW SE. There is also a largely untested detrital bed to the SW of the main ore zone over a wide area where the orebody does not outcrop.

Resource modelling has defined some areas which will be infill drilled to increase both tonnes and resource classification so that an Ore Reserve can be accurately defined for a feasibility study in the near future. This will involve drilling to the south as well as down dip and to produce variography determinations. The resource can be increased by an order of magnitude with this program which is scheduled during the current year. Also planned is the reappraisal of the leases using a worming technique on the Company low level aeromagnetics to look for buried primary and detrital deposits.

The information in this report of Mineral Resources is based on information compiled by Peter Schwann who is a Fellow of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology) and has sufficient relevant experience to qualify as a Competent Person as defined in the JORC Code (2004). Peter Schwann consents to the inclusion of this information in the form and context in which it appears.

Douglas Range Uranium Project

During the period, Australian Uranium Ltd (AUL), a controlled entity of the Company located three significant uranium anomalies on its Douglas Range tenement (E25339) in the Northern Territory.

This area has little publicly-reported information on uranium mineralization and the Northern Territory Geological Survey (NTGS) sample and drilling database contains only minor reference to uranium occurrences in soils (BMR 1980's data).

After completing follow-up fieldwork, uranium anomalies were confirmed at three locations in the northern, central and eastern parts of the Douglas Range tenement (E25339) and are distributed around three traverse lines. The northern (West McKinley) traverse is approximately 0.6 kilometres in length, the Central traverse is 14 kilometres long and the South-East traverse is 1.6 kilometres long. All traverses show strong zones of high uranium response (between 3 and 10 times background value) from radiometric material confirmed from 80-metre spaced scintillometer readings.

The West McKinley uranium anomaly is located within the drainage basin of the McKinley River and probably represents palaeochannel deposits under recent alluvium or sheetwash overlying Proterozoic sediments. The Central anomaly is spread over a wide area and spans several geological environments including Proterozoic basement metasediments (Burrell Creek and Mt Bonnie Formations) and Palaeozoic platform cover sediments. The geological setting of the south-east anomaly is within lateritic ironstones and pisolites of Tertiary age overlying Proterozoic Mt Bonnie Formation sediments.

During the fieldwork campaign at Douglas Range Project the following uranium anomalies were identified and confirmed from calibrated scintillometer readings:

- McKinley (600m long) – anomalies to 210 cps (65 cps background)
- Central (14,000m long) – anomalies to 220 cps (50 cps background)
- South-east (1,600m long) – anomalies to 390 cps (65 cps background)

The instruments used for ground surveys were Scintrex and Geogamma portable scintillometers. Surveys were conducted along lines at sample intervals of 80 metres. The areas tested were checked and calibrated at the start and end of each line. Also comparison readings were made between the two scintillometer models over the same lines with repeat readings. A very close degree of correlation between Scintrex and Geogamma readings showed that the measurements against background levels were comparable and that the uranium anomalies were validated in both cases.

A summary of the results is shown on the table below:

AREA	Baseline Length	Grid Line Width	Number of readings	Maximum Uranium reading	Minimum Uranium reading	Average Uranium reading	Anomaly
McKinlay West Grid	600m	600m	101	210 cps	50 cps	170.72 cps	4 times background
Central Traverse	14000m	0m	184	170 cps	36 cps	105.78 cps	4 times background
South Central Grid	500m	2000m	572	180 cps	70 cps	138.87 cps	2 times background
SE grid	1600m	1200m	459	390 cps	67 cps	136.63 cps	3 times background

Preliminary results from water samples taken at Douglas Range also confirm the presence of Uranium and Thorium. (See table below)

Element	B	Cu	F	Mn	Ni	Pb	S	SO ₄	Th	U	Zn
<i>Units</i>	<i>mg/l</i>	<i>mg/l</i>	<i>mg/l</i>	<i>mg/l</i>	<i>mg/l</i>	<i>mg/l</i>	<i>mg/l</i>	<i>mg/l</i>	<i>ug/l</i>	<i>ug/l</i>	<i>mg/l</i>
<i>Detection Limit</i>	0.01	0.01	0.1	0.01	0.01	0.02	0.1	0.3	0.005	0.005	0.01
<i>Method</i>	/OES	/OES	/SIE	/OES	/OES	/OES	/OES	/CALC	/MS	/MS	/OES
Sample											
MDW10	0.02	X	0.1	0.04	X	X	0.4	1.1	0.016	0.034	X
MDW11	0.02	X	0.1	0.02	X	X	0.6	1.7	0.367	0.314	X
MDW13	0.02	X	X	X	X	X	0.2	0.6	0.111	0.096	X
MDW14	0.02	X	X	X	X	X	X	X	0.016	0.010	X
MDW15	X	X	X	X	X	X	0.7	0.9	0.032	0.023	X

In addition a total of 27 rock chip samples were sent for assay. A report on 7 of the rock chip assays was received during the period. These are from samples taken at West Mount Douglas SE area and are listed below:

Element	Au	Ag	Cu	Pb	Pd	Pt	Th	U	Zn
<i>Units</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>	<i>ppb</i>	<i>ppb</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>
<i>Det. Limit</i>	0.001	0.1	1	5	1	1	0.01	0.01	1
<i>Method</i>	FAL505	A/MS	A/AAS	A/AAS	FA25/MS	FA25/MS	A/MS	A/MS	A/AAS
Sample									
MD28	0.004	0.3	13	10	X	X	4.59	0.95	7
MD29	0.005	X	91	16	1	2	18.13	4.94	63
MD30	0.012	0.5	178	11	1	1	11.48	6.55	137
MD31	0.003	0.2	36	7	1	X	8	3.84	50
MD35	0.002	0.4	15	68	5	3	16.57	11.53	15
MD36	0.001	X	63	X	X	X	1.29	0.44	1
MD37	0.002	0.1	125	X	X	X	2.25	0.73	4

The company is planning further ground radiometric and geological surveys so that the character of each anomaly can be more thoroughly assessed and potential drill targets can be identified for the next phase of exploration.

The information in this section that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consulting geologists Dr. Khine Man Chan BSc (hons), M.Sc., Ph.D. and Brian Davis B.Sc (hons), Dip.Ed.

Brian Davis is a Member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Brian Davis is employed by Geologica Pty Ltd. and is also a director of Ore West Ltd and of Mulgara Minerals Ltd.

Brian Davis has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Brian Davis consents to the inclusion in the report of the matters based on the information made available to them, in the form and context in which it appears.

Money Shoal Uranium Project

During the period, the Company located a total of five significant uranium anomalies on its Money Shoal tenement in the Northern Territory.

All the uranium anomalies are located on the eastern part of the Money Shoal tenement and are distributed along a combined strike length of approximately 10 kilometres in a NNE trend. There are two distinct zones of high-response (between 3 and 10 times background value) radiometric material aligned along this trend.

The areas of interest are located within the lateritised inliers of the Proterozoic Mt Partridge Group sandstones and mafic intrusive sequence.

During the May-June fieldwork campaign at the Money Shoal Project the following uranium anomalies were identified and confirmed:

- Jimmy Creek (400m long) – anomalies to 400 cps (40cps background)
- Line 145 (1600m long) – anomalies to 160 cps (20 cps background)
- Jimmy Creek North (1200m long) – anomalies to 90 cps (20 cps background)
- PS2 Area (750m long) – anomalies to 200 cps (20 cps background)
- PS24 Area (500m long) – anomalies to 70 cps (20 cps background)

The instruments used for ground surveys were Scintrex and Geogamma portable scintillometers. Surveys were conducted along lines at sample intervals of 10 or 20 metres. The areas tested were checked and calibrated at the start and end of each line. Also, comparison readings were made between the two scintillometer models over the same lines with repeat readings. A very close degree of correlation between Scintrex and Geogamma readings showed that the measurements against background levels were comparable and that the uranium anomalies were validated in all cases.

The purpose of this information is to identify potential drill targets for the next phase of exploration, which will be an investigation of the geological structures that are host to these anomalous readings.

The Company Geologist, Mr Brian Davis has now completed the field map, which directs the drilling team to the location of the 169 RAB vertical holes to be drilled at the Jimmy's Creek anomalies area in the south west of the Money Shoal Basin (E 24883) in the Northern Territory. It is anticipated that this drill program will commence after the wet season.

Acquisition – Apogee Pty Ltd

During the half-year, the Company acquired a 20% interest in Apogee Pty Ltd for an issue of 6,000,000 fully paid ordinary shares and 6,000,000 listed options.

Apogee Pty Ltd is a private uranium and gold exploration company which owns the West Arnhem Tenure (ELA 25638 – Gumadeer, ELA 25645 – Table Hill & ELA 26076 – Mann) and McKeddies (MCN 668-671). The tenements are located in the Northern Territory.

The Gumadeer, Table Hill and Mann tenements, known as the West Arnhem Tenure (**WAT**) are situated within 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.

The WAT lies within one of the world's major uranium provinces which to date has been explored with great success. Large prospective proportions of this area remain untested by modern exploration techniques.

Alluvial gold was first discovered at McKeddies Prospect in 1900 and over the next five years a

considerable quantity of gold was extracted as nuggets or in high-yield ore dug from shallow pits.

A lack of permanent water on the site prevented further exploration until 1993 when MRC built dams and a reservoir on site to prepare for a planned drilling program to test promising surface results. However, the low price of gold made mining of the tenements at depth uneconomical.

GBS Gold has revitalized the gold industry in the Northern Territory recently by re-opening more than a dozen old mines in an area south of McKeddie's. Drill testing the area to depths of more than 400 metres, they have announced an overall resource estimate of more than 3,400,000 ounces of gold. To process this resource their recently commissioned dual-mill gold processing plant is now operating at a capacity of 2.5 million tonnes of ore per year.

A comprehensive drilling program is required to prove up the resources at McKeddie's suggested by earlier exploration.

Acquisition – Cabe Resources Ltd (“Cabe”)

During the quarter, shareholders of YRR voted to approve the acquisition of all of the issued shares and options in Cabe by means of an off-market takeover bid.

Consequently, in December 2007 the takeover was completed by the issue of one fully paid ordinary share for each Cabe share on issue, and one option (on the same terms as the existing listed options) for each Cabe option on issue. YRR acquired 100% ownership of Cabe for the issue as consideration of 85,000,000 YRR shares and 85,000,000 YRR options.

Cabe holds a number of exploration licence applications in the Arunta region of the Northern Territory which are considered to be prospective for uranium. Cabe also has an interest in an exploration licence application in the Yanrey region in Western Australia and has entered into an agreement to acquire two exploration licences in the Lake Maitland region of Western Australia, subject to the approval of the relevant Minister. Detailed information regarding the tenements of Cabe is set out below.

Northern Territory Tenements: Arunta Region.

Mt. Denison	663 km ²
Turners Dome	1,515 km ²
Mt. Nicker	1,398 km ²
Mt. Cockburn	<u>1,146 km²</u>
TOTAL	<u>4,722 km²</u>

Location:

The four tenements are located within the Arunta Uranium Region and are situated 200 to 350 km north-west of Alice Springs.

Tenement Geology:

The four uranium prospective tenements overlie the early Proterozoic metamorphics and granitoids of the Arunta Block and are located on the edges of the Ngalia Basin.

The deformed granites are known to have a high radiometric total count and were emplaced during a major up-warping deformation episode in the late Archaean orogeny.

The exposure of the granites and gneisses, by doming, is considered to have allowed uranium-bearing material to be eroded and accumulated in the Palaeo-channel drainages. Therefore it is expected that pegmatites, veins and disseminations of radioactive minerals could be sourced within these rocks.

Western Australian Tenements:

1) Yanrey.

Yanrey. 130 km².

Location:

The Yanrey tenement is located 95 km south of Onslow and west of Tom Price and Paraburdoo in Western Australia.

Strategic Position:

The Yanrey tenement is strategically located within the Central district of the Yanrey Uranium Province and is 20 km east of Manyingee and Bennett's Well and 35 km north of Mundong Well.

Tenement Geology:

The tenement has a large amount of Quaternary/Recent alluvial cover overlying Proterozoic sandstone, shale and granite. The nearby uranium occurrences, 20 km to the west, appear associated with Proterozoic sediments and Quaternary drainages similar to a channel already indicated across the tenement.

2) Lake Maitland:

Lake Maitland North. 62 km².
Lake Maitland South. 43 km².

Location:

The tenements are located 200 km east of Meekatharra and are situated within the Yilgarn Uranium Region. They are 50 km north of Yeelirrie.

Strategic Position:

The Lake Maitland tenements are strategically located either side of the substantial Redport/Mega uranium deposit at Lake Maitland and are positioned centrally within the district.

Tenement Geology:

Archaean rocks of the Yilgarn Craton underlie the Yilgarn Uranium Region. These are made up mainly of granitoids with some acid meta-volcanics and sedimentary rocks. The area also includes Quaternary to Recent alluvial channels and salt lakes, e.g. Lake Maitland.

These prospects are usually characterised as surficial calcrete uranium deposits, which have often developed in single layers, at depths of 2 to 6 metres from the surface. Mineralised zones can extend for several kilometres.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2007, there was no significant change in the entity's state of affairs, other than the company:

- a) acquired 100% of the issued capital of Cabe Resources Ltd, the consideration being the issue of 85,000,000 ordinary fully paid shares and 85,000,000 listed options. The fair value of the consideration at date of acquisition was \$27,625,000; and
- (b) acquired a 20% interest in Apogei Pty Ltd, the consideration being the issue of 6,000,000 ordinary fully paid shares and 6,000,000 listed options. The fair value of the consideration at date of acquisition was \$2,550,000.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2007 is set out on page 19.

Signed in accordance with a resolution of the directors.



J Geary
Director

Perth, 14 March 2008

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YELLOW ROCK RESOURCES LIMITED
INCOME STATEMENT
For the half-year ended 31 December 2007

	Consolidated	
	6 Months Ended 31 December 2007 \$	6 Months Ended 31 December 2006 \$
Revenue	66,514	10,360
Exploration and evaluation expenditure	(37,229)	(14,624)
Directors fees and benefits expense	(85,000)	-
Share based payments	(950,000)	-
Other expenses	(220,715)	(36,917)
Loss before income tax expense	(1,226,430)	(41,181)
Income tax expense	-	-
Net loss attributable to members of Yellow Rock Resources Limited	(1,226,430)	(41,181)
Basic earnings per share (cents per share)	(1.07)	
Diluted earnings per share (cents per share)	(1.07)	

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
BALANCE SHEET
As at 31 December 2007

	Note	Consolidated	
		31 December 2007 \$	30 June 2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	2	2,380,564	3,240,757
Trade and other receivables		135,025	48,860
Total Current Assets		2,515,589	3,289,617
Non-Current Assets			
Other financial assets		2,550,000	-
Deferred exploration expenditure	3	65,740,794	37,671,029
Total Non-Current Assets		68,290,794	37,671,029
Total Assets		70,806,383	40,960,646
LIABILITIES			
Current Liabilities			
Trade and other payables		482,949	552,782
Total Current Liabilities		482,949	552,782
Total Liabilities		482,949	552,782
Net Assets		70,323,434	40,407,864
EQUITY			
Issued capital	4	50,740,910	30,373,910
Reserves		20,967,000	10,192,000
Accumulated losses		(1,384,476)	(158,046)
Total Equity		70,323,434	40,407,864

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2007

	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
Balance at 1 July 2006	5	(39,929)	-	(39,924)
Securities issued during the period	-	-	-	-
Loss attributable to members of the parent entity	-	(41,181)	-	(41,181)
Balance at 31 December 2006	5	(81,110)	=	(81,105)
Balance at 1 July 2007	30,373,910	(158,046)	10,192,000	40,407,864
Securities issued during the period	20,367,000	-	9,825,000	30,192,000
Cost of share based payment	-	-	950,000	950,000
Loss attributable to members of the parent entity	-	(1,226,430)	-	(1,226,430)
Balance at 31 December 2007	50,740,910	(1,384,476)	20,967,000	70,323,434

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
CASH FLOW STATEMENT
For the half-year ended 31 December 2007

	Note	Consolidated	
		31 December 2007 \$	31 December 2006 \$
Cash flows from operating activities			
Payments to suppliers and employees		(244,946)	(12,182)
Expenditure on mining interests		(33,005)	(1,013)
Interest received		66,514	10,360
GST recoverable		(63,432)	-
Net cash used in operating activities		<u>(274,869)</u>	<u>(2,835)</u>
Cash flows from investing activities			
Expenditure on mining interests		(586,324)	-
Loans to other entities		(16,000)	-
Net cash used in investing activities		<u>(602,324)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		17,000	1,991,500
Net cash provided by financing activities		<u>17,000</u>	<u>1,991,500</u>
Net increase/(decrease) in cash held		(860,193)	1,988,665
Cash at beginning of the half-year		<u>3,240,757</u>	<u>1,939</u>
Cash at end of the half-year	2	<u>2,380,564</u>	<u>1,990,604</u>

The accompanying notes form part of these financial statements

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YELLOW ROCK RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Yellow Rock Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year report has been prepared on a historical cost basis, except for financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

YELLOW ROCK RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2007

2. CASH AND CASH EQUIVALENTS

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

	31 December 2007	30 June 2007
	\$	\$
Cash at bank and on deposit	2,380,564	3,240,757

(i) Non-cash financing and investing activities

During the half-year, the company:

- (a) acquired 100% of the issued capital of Cabe Resources Ltd, the consideration being the issue of 85,000,000 ordinary fully paid shares and 85,000,000 listed options. The fair value of the consideration at date of acquisition was \$27,625,000; and
- (b) acquired a 20% interest in Apogei Pty Ltd, the consideration being the issue of 6,000,000 ordinary fully paid shares and 6,000,000 listed options. The fair value of the consideration at date of acquisition was \$2,550,000.

(ii) Acquisition of Subsidiary

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

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

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

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YELLOW ROCK RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2007

3. DEFERRED EXPLORATION EXPENDITURE

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

	31 December 2007 \$	30 June 2007 \$
Exploration and evaluation phase – at cost	65,737,321	37,671,029
Movement		
Balance at beginning of half-year	37,671,029	
Tenements acquired from acquisition of controlled entity	27,625,000	
Expenditure incurred	481,994	
Expenditure written off	<u>(37,229)</u>	
Total deferred exploration expenditure	65,740,794	

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

4. ISSUED CAPITAL

Issued Capital

Ordinary shares – fully paid	50,740,910	30,373,910
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Movement in ordinary shares on issue

	Number	\$
Balance at beginning of half-year	97,441,205	30,373,910
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
Issue for cash on exercise of options (20 cents per share)	<u>85,000</u>	<u>17,000</u>
Balance at end of period	188,526,205	50,740,910

5. SEGMENT INFORMATION

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

6. CONTINGENT LIABILITIES

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

7. EVENTS SUBSEQUENT TO REPORTING DATE

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

YELLOW ROCK RESOURCES LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes set out on pages 9 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year then ended.
- 2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

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



J. Geary
Director

Perth, 14 March 2008

RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Yellow Rock Resources Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Yellow Rock Resources Limited (the company) and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

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Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

DJ Wall

D J WALL
Partner

Perth, WA

Dated: **14 MARCH 2008**

RSM Bird Cameron Partners

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF YELLOW ROCK RESOURCES LIMITED

As lead audit partner for the review of the financial report of Yellow Rock Resources Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Yellow Rock Resources Limited and the entities it controlled during the period.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

Perth, WA

Dated: **14 MARCH 2008**

D J WALL
Partner

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