

**Yellow Rock Resources Limited**  
ABN 90 116 221 740

***Notice of General Meeting***

***Explanatory Statement***

***and***

***Proxy Form***

**Date of Meeting**

Thursday, 1 October 2009

**Time of Meeting**

10.00 am (WST)

**Place of Meeting**

35 Great Eastern Highway  
Rivervale WA 6103

# YELLOW ROCK RESOURCES LIMITED

ABN 90 116 221 740

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of members of Yellow Rock Resources Limited (**Yellow Rock** or the **Company**) will be held at 10.00am on Thursday, 1 October 2009 at 35 Great Eastern Highway, Rivervale, Western Australia.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered as Special Business.

## AGENDA

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

#### 1. Ratification of Placement – 19 August 2009

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue and allotment of 15,500,000 Shares at an issue price of \$0.039 each (together with the grant of one free Option for every Share subscribed for and issued), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting, is ratified and approved."*

The Company will disregard any votes cast on this resolution by the parties who participated in the issue as noted in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### 2. Proposed Capital Raising – Shares and Options

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue and allotment of 95,000,000 Shares at a subscription price of \$0.039 cents each, (together with the grant of one free Option for every Share subscribed for and issued), and otherwise on the terms and conditions set out in the Explanatory Statement forming part of this Notice of General Meeting, is approved."*

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **3. Proposed Capital Raising – Shares and Options to Directors**

*“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue and allotment to Directors of up to 6,000,000 Shares at a subscription price of \$0.039 each, (together with the grant of one free Option for every Share subscribed for and issued), and otherwise on the terms and conditions set out in the Explanatory Statement forming part of this Notice of General Meeting, is approved.”*

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **4. Proposed Capital Raising – Partly Paid Shares**

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue and allotment of up to 80,000,000 partly paid shares at a subscription price of \$0.0001 cents each and otherwise on the terms and conditions set out in the Explanatory Statement forming part of this Notice of General Meeting, is approved.”*

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **5. Issue of Incentive Options to Don Valentino**

*“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of 6,000,000 Incentive Options, by way of additional remuneration, to Mr Don Valentino or nominee on the terms and conditions as set out in the Explanatory Statement forming part of this Notice of General Meeting.”*

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Mr Valentino, and any associate of Mr Valentino. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **6. Issue of Incentive Options to Jeffrey Green**

*“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of 3,000,000 Incentive Options, by way of additional remuneration, to Mr Jeffrey Green or nominee on the terms and conditions as set out in the Explanatory Statement forming part of this Notice of General Meeting.”*

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Mr Green, and any associate of Mr Green. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 7. Issue of Incentive Options to Rocco Schirripa

*“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves the issue and allotment of 3,000,000 Incentive Options, by way of additional remuneration, to Mr Rocco Schirripa or nominee on the terms and conditions as set out in the Explanatory Statement forming part of this Notice of General Meeting.”*

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Mr Schirripa, and any associate of Mr Schirripa. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 8. Issue of Incentive Options to Catherine Anderson

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the issue and allotment of 2,000,000 Incentive Options, by way of additional remuneration, to Ms Catherine Anderson or nominee on the terms and conditions as set out in the Explanatory Statement forming part of this Notice of General Meeting.”*

The Company will disregard any votes cast on this resolution by Ms Anderson, and any associate of Ms Anderson. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10.00am on 29 September 2009. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

## BY ORDER OF THE BOARD

**Catherine Anderson**  
**Company Secretary**  
Dated: 19 August 2009

# EXPLANATORY STATEMENT

## 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Yellow Rock Resources Limited (**Yellow Rock** or the **Company**) in connection with the Special Business to be conducted at the general meeting of members to be held at 10.00am on Thursday, 1 October 2009 at 35 Great Eastern Highway, Rivervale, Western Australia.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

### ***ASX Listing Rule Requirements***

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of Yellow Rock is required to an issue of equity securities if the securities will, when aggregated with the securities issued by Yellow Rock during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of Shares outlined in resolution 1 did not exceed the 15% limit, however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies an issue of equity securities the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation.

Shareholder approval is sought so as to refresh Yellow Rock's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

The information required by ASX Listing Rules 7.1 and 7.5 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

The number of securities to be issued by Yellow Rock under proposed resolutions 2, 4 and 8 will exceed 15% and accordingly shareholder approval is sought for the placements.

The information required by ASX Listing Rules 7.1 and 7.3 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

ASX Listing Rule 10.11 relevantly provides that the prior approval of shareholders of Yellow Rock is required for the issue of equity securities to a related party. If approval is given for the issue of securities under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting. The company is seeking shareholder approval to the proposed issue of Shares and Options to related parties pursuant to resolution 3 and Incentive Options pursuant to resolutions 5 to 7.

### ***Corporations Act Requirements***

Chapter 2E of the Corporations Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

Mr Don Valentino, Mr Jeffrey Green and Mr Rocco Schirripa, (the parties to which resolutions 5 to 7 relate) are considered "related parties" for this purpose, whilst the issue of Incentive Options to them constitutes a "financial benefit" for this purpose.

The information required by Chapter 2E of the Corporations Act to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

## **2. RATIFICATION OF PLACEMENT – 19 August 2009 (Resolution 1)**

Resolution 1 of the Notice of General Meeting proposes the ratification of the issue and allotment of 15,500,000 Shares and 15,500,000 Options, thereby satisfying the requirements of ASX Listing Rule 7.4.

On 19 August 2009 the Company announced that it had completed a capital raising of \$604,500 by the placement of 15,500,000 Shares at \$0.039 per Share, together with 15,500,000 free attaching Options. The placement was made to sophisticated investors pursuant to section 708 of the Corporations Act.

Application was not made for official quotation of the Options at the date of issue as the ASX Listing Rule requirements for quotation of a separate class of securities had not been satisfied. However, the Company will apply for official quotation of the Shares issued upon exercise of the Options. In the event that the requirements for official quotation of the Options as a separate class of securities is satisfied, application for official quotation of the Options will be made to ASX.

The placement of the 15,500,000 Shares, together with 15,500,000 Options, was within the 15% annual limit permitted under ASX Listing Rule 7.1 without shareholder approval. The effect of shareholders passing Resolution 1 will therefore be to restore the Company's ability to issue securities within the limit.

In compliance with the information requirements of ASX Listing Rule 7.5 members are advised of the following particulars in relation to the placement:

(a) Number of securities allotted:

15,500,000 Shares and 15,500,000 Options.

(b) Price at which the securities were issued:

\$0.039 per Share, together with the grant of one free Option for every Share subscribed for and issued.

(c) Terms of the securities:

The Shares rank equally in all respects with the existing Shares on issue. The Options were issued on the terms and conditions as outlined in Appendix "A".

(d) Names of the allottees:

The Shares were issued to sophisticated investors pursuant to section 708 of the Corporations Act.

No related party participated in the allotment of Shares and Options.

(e) Intended use of funds raised:

Funds raised from the issue will be applied in furtherance of the company's exploration activities, the identification of potential new projects and other working capital expenditure.

## **3. CAPITAL RAISING – SHARES AND OPTIONS (Resolution 2)**

Resolution 2 of the Notice of General Meeting proposes 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).

Subject to compliance with the requirements for official quotation of the Options as a separate class of securities, it is proposed to apply for official quotation of the Options on ASX.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of Shares and Options pursuant to resolution 2:

(a) Maximum number of securities to be issued:

95,000,000 Shares and 95,000,000 Options.

(b) Date by which Yellow Rock will issue securities:

No later than three months after the date of this meeting.

(c) Price at which securities to be issued:

\$0.039 per Share, together with the grant of one free Option for every Share subscribed for and issued.

(d) Basis upon which allottees will be determined:

The allottees will be determined at the discretion of the Directors having regard to a number of issues, including:

- the level of demand for Shares
- the identification of shareholders with a long term commitment to Yellow Rock; and
- other issues that the Board may consider appropriate from time to time.

No related parties are entitled to participate in the proposed placement, other than to the level approved by shareholders pursuant to Resolution 3.

(e) Terms of issue:

The Shares will rank equally in all respects with the existing Shares on issue. The Options will be issued on the terms and conditions as outlined in Appendix "A".

(f) Intended use of funds raised:

Funds raised from the issue will be applied in furtherance of the company's exploration activities, the identification of potential new projects and other working capital expenditure.

(g) Dates of allotment:

Allotment will occur on one date.

No shareholder/placee would be permitted to have an entitlement exceeding 20% of the issued capital of Yellow Rock pursuant to the placement proposed under Resolution 2 and therefore no change in control of Yellow Rock is anticipated as a result of the placement.

It is proposed that the Share placement be made on the basis described in (d) above and will be issued pursuant to a disclosure document or, where appropriate, as an "excluded issue" pursuant to the Corporations Act.

#### **4. PROPOSED CAPITAL RAISING – SHARES AND OPTIONS TO DIRECTORS (Resolution 3)**

Subject to the passing of resolution 2, resolution 3 is seeking approval under ASX Listing Rule 10.11 to permit Directors to participate in the proposed issue of Shares and Options up to a maximum of 6,000,000 Shares, together with the grant of one free Option for every Share subscribed for and issued.

In compliance with the information requirements of ASX Listing Rule 10.13 members are advised of the following particulars:

(a) Names of participants:

Directors of the Company, being:

Don Valentino or his nominee – 3,000,000 Shares and 3,000,000 Options;  
Jeffrey Green or his nominee – 1,500,000 Shares and 1,500,000 Options; and  
Rocco Schirripa or his nominee – 1,500,000 Shares and 1,500,000 Options.

(b) Maximum number of securities to be issued:

6,000,000 Shares and 6,000,000 Options

(c) Date by which Yellow Rock will issue securities:

No later than one month after the date of this meeting.

(d) Price at which securities to be issued:

\$0.039 per Share, together with the grant of one free Option for every Share subscribed for and issued.

(e) Terms of issue:

The Shares will rank equally in all respects with the existing Shares on issue. The Options will be issued on the terms and conditions as outlined in Appendix "A".

(f) Intended use of funds raised:

As outlined in Section 3(f) of this Explanatory Statement.

(g) Date of allotment:

Allotment will occur on one date.

## 5. PROPOSED CAPITAL RAISING – PARTLY PAID SHARES (Resolution 4)

Resolution 4 of the Notice of General Meeting proposes 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.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of partly paid shares pursuant to resolution 4:

(a) Maximum number of securities to be issued:

80,000,000 partly paid shares.

(b) Date by which Yellow Rock will issue securities:

No later than three months after the date of this meeting.

(c) Price at which securities to be issued:

\$0.0001 per partly paid share, with a further \$0.0389 per partly paid share payable as outlined in (e) below.

(d) Basis upon which allottees will be determined:

The allottees will be determined at the discretion of the Directors having regard to a number of issues, including:

- the level of demand for Shares
- the identification of shareholders with a long term commitment to Yellow Rock; and
- other issues that the Board may consider appropriate from time to time.

No related parties are entitled to participate in the proposed placement.

(e) Terms of issue:

The partly paid shares will be issued at an issue price of \$0.0001 each and convertible to ordinary fully paid shares in the capital of the company on payment of a further \$0.0389 per partly paid share. The partly paid shares will be issued with the terms and conditions that:

- (i) The company shall not make a call on the partly paid shares for a period of 12 months from the date of issue.
- (ii) Subject to (i), the maximum call per annum from date of issue shall be \$0.005 per partly paid share.
- (iii) A holder of partly paid shares may make full payment of any uncalled amount, at their sole discretion, at any time, subject to a minimum conversion of 500,000 partly paid shares or such lesser number where the balance held is less than 500,000 partly paid shares.

(f) Intended use of funds raised:

Funds raised from the issue will be applied in furtherance of the company's exploration activities, the identification of potential new projects and other working capital expenditure.

(g) Dates of allotment:

Allotment will occur on one date.

No shareholder/placee would be permitted to have a voting entitlement exceeding 20% of the issued capital of Yellow Rock pursuant to the placement proposed under Resolution 4 and therefore no change in control of Yellow Rock is anticipated as a result of the placement.

It is proposed that the Share placement be made on the basis described in (d) above and will be issued pursuant to a disclosure document or, where appropriate, as an "excluded issue" pursuant to the Corporations Act.

## 6. ALLOTMENT OF INCENTIVE OPTIONS TO DIRECTORS (Resolutions 5 to 7)

Resolutions 5 to 8 of the Notice of General Meeting propose the issue of Incentive Options to Directors.

The purpose of the issue is to provide additional remuneration to the Directors, or their nominees (together the "**Participating Directors**") as an incentive for future services. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide the Participating Directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

Issue of options as part of the remuneration packages of Directors is a well established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the Directors.

In determining the number of Incentive Options to be issued and the terms, consideration was given to the relevant experience and role of each of the Participating Directors, their respective overall remuneration terms, the market price of the Company's shares over the last 3 months, and the terms of the options.

The proposed participants in the issue of Incentive Options and the number of Incentive Options to be issued are:

Name	Position	Tranche A	Tranche B	Tranche C
		Incentive Options (Exercise price - 8¢)	Incentive Options (Exercise price - 11¢)	Incentive Options (Exercise price - 14¢)
D Valentino	Executive Chairman	2,000,000	2,000,000	2,000,000
J Green	Non Executive Director	1,000,000	1,000,000	1,000,000
R Schirripa	Non Executive Director	1,000,000	1,000,000	1,000,000

ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act 2001 require shareholder approval to be obtained for the issue of options to related parties (the Participating Directors).

The Incentive Options referred to in resolutions 5 to 7 will be issued free of charge and within one month after the date of this meeting to the nominated Directors.

In accordance with section 219 of the Act (and, in satisfaction of the information requirements of ASX Listing Rule 10.13), the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass resolutions 5 to 7:

- (a) Messrs Valentino, Green and Schirripa are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are a related party to the Company by virtue of section 228 of the Act.
- (b) The nature of the financial benefit to be given to the related parties is the allotment of the Incentive Options for no consideration on the terms and conditions set out in Appendix "B" to "D" to this Explanatory Statement.

The Incentive Options to be allotted will not be quoted on ASX and are non-transferable. The options must be exercised by the relevant expiry date, after which date all of the options automatically lapse.

On the basis of the indicative option value, as detailed below, the value of options proposed to be issued to the related parties, is as follows:

<b>Director</b>	<b>Option Type</b>	<b>Number of Options</b>	<b>Indicative Value \$</b>
Mr D Valentino	Tranche A Incentive	2,000,000	27,200
	Tranche B Incentive	2,000,000	30,400
	Tranche C Incentive	2,000,000	35,200
			92,800
Mr J Green	Tranche A Incentive	1,000,000	13,600
	Tranche B Incentive	1,000,000	15,200
	Tranche C Incentive	1,000,000	17,600
			46,400
Mr R Schirripa	Tranche A Incentive	1,000,000	13,600
	Tranche B Incentive	1,000,000	15,200
	Tranche C Incentive	1,000,000	17,600
			46,400

The relevant Directors' base salaries per annum (including superannuation), and the total financial benefit to be received by them from 1 July 2009 to 30 June 2010, when added to the implied "value" to be received by each of the following directors as a result of the issue of options the subject of resolutions 5 to 7 are as follows:

<b>Director</b>	<b>Position</b>	<b>Annual Remuneration \$</b>	<b>Value of Options to be Issued \$</b>	<b>Total Financial Benefit \$</b>
Mr D Valentino	Executive Chairman	196,200	92,800	289,000
Mr J Green	Non Executive Director	32,700	46,400	79,100
Mr R Schirripa	Non Executive Director	32,700	46,400	79,100

- (c) The independent Directors (with respect to Resolutions that they do not have a material personal interest in) recommend that Shareholders vote in favour of Resolutions 5, 6, and 7 and they are of the view that the issue of Incentive Options to each Director is an appropriate form of remuneration to provide each Director with an incentive to maximise returns to Shareholders. The Directors are not aware of any further information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.
- (d) The Participating Directors each respectively has an interest in the outcome of proposed resolutions 5, 6, and 7. Details of the benefits and costs to the Company are contained herein.
- (e) Excluding any securities proposed to be allotted to the related parties pursuant to resolutions 5 to 7, Messrs Valentino, Green and Schirripa, and their associates have a relevant interest in the securities of the Company as set out below:

<b>Name</b>	<b>Shares</b>	<b>Listed Options</b>
Mr D Valentino	2,697,720	2,377,251
Mr J Green	-	-
Mr R Schirripa	100,000	-

- (f) There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass resolutions 5, 6, and 7, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities in the Company). The Directors believe that options (for both executive and non-executive directors) are a cost

effective benefit for small companies that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price.

### Potential Benefits

If the options are issued pursuant to the proposed resolution, the Company considers the following benefits arise:

- Messrs Valentino, Green and Schirripa will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure the market price of the shares of the Company increases to create value in the options and this will benefit all shareholders.
- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the options will provide working capital for the company at no significant cost. If all the options proposed to be issued pursuant to resolutions 5 to 7 are ultimately exercised, an amount of \$1,320,000 would be raised.

### Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 12,000,000 Incentive Options pursuant to resolutions 5 to 7 is that there will be a dilution of the issued share capital if the Incentive Options are exercised. Based on 224,026,205 Shares currently on issue, the exercise of the proposed options to related parties would have a dilution effect of approximately 5.36% of non-associated shareholders interest in the company.

If the other existing options on issue held by third parties were also to be exercised the dilution effect would be significantly smaller. There are currently on issue, 179,873,800 options exercisable at 20 cents each on or before 30 November 2009 and 15,500,000 options exercisable at 7 cents each on or before 30 September 2012.

Subject to the passing of resolutions 2, 4 and 8, there will also be an additional 95,000,000 Shares, 95,000,000 options exercisable at 7 cents each on or before 30 September 2012, 80,000,000 partly paid shares and 2,000,000 Incentive Options on issue, further reducing the dilutionary effect of the proposed issue of Incentive Options.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of options other than, if the options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at the time any of the Incentive Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company.

In the 12 months before the date of this Notice, the highest, lowest and last trading price of shares on the ASX are as set out below:

	Date	Price
Low	25 March 2009	3.5 cents
High	3 September 2008	15 cents
Latest Available Price	14 August 2009	4.7 cents

The value of Incentive Options to be issued has been calculated using the Binomial Option Pricing Model ("the Binomial Model") as of 14 August 2009. The value of an option calculated by the Binomial Model is a function of a number of variables. The indicative value of the Incentive Options has been calculated using the following variables:

	<b>Tranche A</b>	<b>Tranche B</b>	<b>Tranche C</b>
Valuation date	14/08/2009	14/08/2009	14/08/2009
Exercise price	8 cents	11 cents	14 cents
Expiry date	01/09/2011	01/09/2012	01/09/2013
Underlying share price	4.7 cents	4.7 cents	4.7 cents
Vesting date	01/09/2010	01/09/2010	01/09/2010
Expected life	2 years	3 years	4 years
Risk free rate of return	4.28%	4.81%	5.19%
Volatility	91%	91%	91%
Notional Indicative Value	1.7 cents	1.9 cents	2.2 cents

The underlying share price of 4.7 cents is based on the closing price of shares on 14 August 2009.

It is considered appropriate to adjust the notional indicative value calculated under the Binomial Model by a discount of 20% due to the lack of marketability, as the Incentive Options are non transferable.

Further details of the terms and conditions of the Incentive Options to be issued are outlined in Appendix "B" to "D". The Incentive Options referred to in resolutions 5 to 7 will be issued for no consideration and within one month after the date of this meeting.

### **ASX Requirements**

In compliance with the information requirements of ASX Listing Rule 10.13 members are advised of the following particulars in relation to the proposed issue of Incentive Options under resolutions 5 to 7:

(a) Maximum number of options to be issued:

4,000,000 Tranche A Incentive Options  
4,000,000 Tranche B Incentive Options  
4,000,000 Tranche C Incentive Options

(b) Date by which the Company will issue options:

No later than one month after the date of the meeting.

(c) Price at which options to be issued:

The options are being issued to remunerate the specified directors as an incentive for future services.

(d) Names of the allottees:

Don Valentino or nominee  
Jeffrey Green or nominee  
Rocco Schirripa or nominee

(e) Terms of issue:

The Incentive Options will be issued for no consideration and on the terms and conditions as outlined in Appendix "B" to "D".

- (f) Intended use of funds raised:

The Incentive Options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for future services.

- (g) Dates of allotment:

Allotment will occur on one date.

## **7. ALLOTMENT OF INCENTIVE OPTIONS TO CATHERINE ANDERSON (Resolution 8)**

Resolution 8 of the Notice of General Meeting proposes the grant of 2,000,000 Incentive Options to Catherine Anderson or nominee, as follows:

- 666,667 Tranche A Incentive Options
- 666,667 Tranche B Incentive Options
- 666,666 Tranche C Incentive Options

The purpose of the allotment of the Incentive Options is to provide a performance incentive to the Company's company secretary. The options to be allotted will not be quoted on the ASX and are non-transferable. The options must be exercised by the relevant expiry date, after which date all of the options automatically lapse. The Incentive Options will be issued for no consideration.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of options:

- (a) Maximum number of options to be issued:

666,667 Tranche A Incentive Options  
666,667 Tranche B Incentive Options  
666,666 Tranche C Incentive Options

- (b) Date by which Yellow Rock will issue options:

No later than three months after the date of the meeting.

- (c) Price at which options to be issued:

The options are being issued to remunerate the company secretary as an incentive for future services.

- (d) Names of the allottees:

Catherine Anderson or nominee.

- (e) Terms of issue:

The Options will be issued on the terms and conditions as outlined in Appendix "B" to "D".

- (f) Intended use of funds raised:

The Incentive Options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for future services.

- (g) Dates of allotment:

Allotment will occur on one date.

## 8. DEFINITIONS

<b>ASX</b>	means ASX Limited ABN 99 009 076 233.
<b>ASX Listing Rules</b>	means the official listing rules of ASX.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Explanatory Statement</b>	means this Explanatory Statement.
<b>Incentive Option</b>	means a Tranche A Incentive Option, Tranche B Incentive Option and Tranche C Incentive Option, individually or in combination, as the circumstance requires.
<b>Notice of General Meeting</b>	means the notice of general meeting which forms part of this Explanatory Statement.
<b>Option</b>	means an option to acquire a Share on the terms and conditions contained in Appendix "A".
<b>Share</b>	means a fully paid ordinary share in the capital of the Company and <b>Shares</b> has a corresponding meaning.
<b>Shareholder</b>	means a holder of a Share.
<b>Tranche A Incentive Option</b>	means an option to acquire a Share at an exercise price of \$0.08 per share on or before 1 September 2011 on the terms and conditions as outlined in Appendix "B".
<b>Tranche B Incentive Option</b>	means an option to acquire a Share at an exercise price of \$0.11 per share on or before 1 September 2012 on the terms and conditions as outlined in Appendix "C".
<b>Tranche C Incentive Option</b>	means an option to acquire a Share at an exercise price of \$0.14 per share on or before 1 September 2013 on the terms and conditions as outlined in Appendix "D".
<b>Yellow Rock or the Company</b>	means Yellow Rock Resources Limited (ABN 90 116 221 740).

## APPENDIX "A"

### Terms and Conditions of Options

The terms and conditions of the Options are as follows:

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the company.
- (b) The Options are exercisable at \$0.07 each.
- (c) The Options will expire on 30 September 2012 (the "**Expiry Date**").
- (d) The Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The Options are freely transferable.
- (f) All shares issued upon exercise of the Options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their Options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## APPENDIX "B"

### Terms and Conditions of Tranche A Incentive Options

The terms and conditions of the Tranche A Incentive Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The options are exercisable at 8 cents each.
- (c) The options will expire on 1 September 2011 (the "**Expiry Date**").
- (d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The options are non transferable.
- (f) Should the option holder cease to be a director, officer or employee of the Company for whatever reason during the vesting period then the options will automatically be extinguished and the option holder will have no further rights in relation to the options.
- (g) An option that has not lapsed may be exercised at any time after 1 September 2010. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of the option and payment to the Company of the Exercise Price.
- (h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.
- (k) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- (l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## APPENDIX "C"

### Terms and Conditions of Tranche B Incentive Options

The terms and conditions of the Tranche B Incentive Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The options are exercisable at 11 cents each.
- (c) The options will expire on 1 September 2012 (the "**Expiry Date**").
- (d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The options are non transferable.
- (f) Should the option holder cease to be a director, officer or employee of the Company for whatever reason during the vesting period then the options will automatically be extinguished and the option holder will have no further rights in relation to the options.
- (g) An option that has not lapsed may be exercised at any time after 1 September 2010. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of the option and payment to the Company of the Exercise Price.
- (h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.
- (k) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- (l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## APPENDIX "D"

### Terms and Conditions of Tranche C Incentive Options

The terms and conditions of the Tranche C Incentive Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The options are exercisable at 14 cents each.
- (c) The options will expire on 1 September 2013 (the "**Expiry Date**").
- (d) Subject to condition (g), the options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The options are non transferable.
- (f) Should the option holder cease to be a director, officer or employee of the Company for whatever reason during the vesting period then the options will automatically be extinguished and the option holder will have no further rights in relation to the options.
- (g) An option that has not lapsed may be exercised at any time after 1 September 2010. If the Company is the subject of change of control (being a trade sale, a takeover or merger) then the options will automatically vest, and the option holder will then have 14 days in which to subscribe for and to be allotted one share in the capital of the Company upon exercise of the option and payment to the Company of the Exercise Price.
- (h) All shares issued upon exercise of the options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (i) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (j) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.
- (k) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- (l) In the event of any reorganisation of the issued capital of the company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## APPENDIX "E"

### Terms and Conditions of Partly Paid Shares

The partly paid shares will be issued at an issue price of \$0.0001 each and convertible to ordinary fully paid shares in the capital of the company on payment of a further \$0.0389 per partly paid share.

The partly paid shares will be issued on the basis that:

- (i) The company shall not make a call on the partly paid shares for a period of 12 months from the date of issue.
- (ii) Subject to (i), the maximum call per annum from date of issue shall be \$0.005 per partly paid share.
- (iii) A holder of partly paid shares may make full payment of any uncalled amount, at their sole discretion, at any time, subject to a minimum conversion of 500,000 partly paid shares or such lesser number where the balance held is less than 500,000 partly paid shares.
- (iv) Subject to the Corporations Act and the terms contained herein, the Directors may make a call on the holders of the partly paid shares for any money unpaid on them.
- (v) The partly paid shares are freely transferable.
- (vi) The company must comply with the Corporations Act and the ASX Listing Rules in relation to the dispatch and content of notices to members on whom a call is made and a member to whom notice of a call is given must pay to the company the amount called in accordance with the notice.
- (vii) If an amount called is not paid on or before the due date, the person liable to pay the amount must also pay interest on the amount from the due date to the time of actual payment and all expenses incurred by the company as a consequence of the non-payment.
- (viii) To the extent permitted by the ASX Listing Rules, the company has a first and paramount lien on every partly paid share which is presently payable to the company.
- (ix) The Directors may at any time after a call becomes due and payable and remains unpaid serve a notice on the member to pay the unpaid amount, interest and all expenses accrued.
- (x) If a member does not comply with a notice served then any or all of the partly paid shares in respect of which the notice was given may be forfeited. On forfeiture, shares become the property of the company and forfeited shares must be, if the ASX Listing Rules permit sold, disposed of, or cancelled on terms determined by the Directors or offered by public auction.
- (xi) The interest of a person who held shares which are forfeited is extinguished but subject to the ASX Listing Rules remains liable to pay all money that was payable at the date of forfeiture.
- (xii) Subject to the terms on which a partly paid shares is on issue, the net proceeds of any sale made to enforce a lien or on forfeiture will be applied in the following order; in payment of the costs of sale; in payment of all amounts secured by the lien or all money that was payable in respect of the forfeited share; and where the share was forfeited, in payment of any surplus to the former member whose share was sold.
- (xiii) In the event of any reorganisation of the issued capital of the company on or prior to the conversion to an ordinary fully paid share, the rights of a partly paid shareholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of reorganisation.

## Proxy Form

The Secretary  
Yellow Rock Resources Limited  
35 Great Eastern Highway  
Rivervale WA 6103

I/We (full name)

\_\_\_\_\_

of \_\_\_\_\_

being a member(s) of Yellow Rock Resources Limited, hereby appoint as my/our proxy

\_\_\_\_\_

of \_\_\_\_\_

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10.00am on 1 October, 2009 and at an adjournment thereof in respect of \_\_\_\_\_% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

The Chairman intends to vote all undirected proxies in favour of all resolutions.

### RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Ratification of Placement – 19 August 2009	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Proposed Capital Raising – Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Proposed Capital Raising – Shares and Options to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Proposed Capital Raising – Partly Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Incentive Options to Don Valentino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Incentive Options to Jeffrey Green	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Incentive Options to Rocco Schirripa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Incentive Options to Catherine Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### *If the member is an individual or joint holder:*

\_\_\_\_\_  
Usual Signature

Dated this \_\_\_\_\_ day of

\_\_\_\_\_  
Usual Signature

2009

### *If the member is a Company:*

Signed in accordance with the  
Constitution of the company  
the presence of:

\_\_\_\_\_  
Director/Sole Director

Dated this

\_\_\_\_\_  
Director/Secretary

day of

\_\_\_\_\_  
Sole Director and Sole Secretary

2009

## INSTRUCTIONS AS TO VOTING ON RESOLUTIONS 3 AND 5

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to resolutions 3 and 5, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolution 3 and 5 and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

## NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.

## LODGING YOUR PROXY FORM

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address given below no later than 10.00am (WST) on Tuesday, 29 September 2009. Any proxy form received after that time will not be valid for the scheduled meeting.

In person:                      Yellow Rock Resources Limited  
   35 Great Eastern Highway  
   Rivervale WA 6103

By mail:                         Yellow Rock Resources Limited  
   35 Great Eastern Highway  
   Rivervale WA 6103

By fax:                            (08) 9361 5900