
FORM 51-102F3**Material Change Report****ITEM 1. REPORTING ISSUER**

Apella Resources Inc., Suite 1600 – 543 Granville Street, Vancouver, BC, V6C 1X8

ITEM 2. DATE OF MATERIAL CHANGE

July 12, 2010

ITEM 3. PRESS RELEASE

Issued and distributed through the facilities of Electronic Data Filing Inc., via Stockwatch and Standard & Poors

ITEM 4. SUMMARY OF MATERIAL CHANGE

See attached news release

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

See attached news release

ITEM 6. RELIANCE ON SUBSECTION 7.1(3) OF NATIONAL INSTRUMENT 51-102

Not applicable

ITEM 7. OMITTED INFORMATION

No information has been omitted on the basis that it is confidential information.

ITEM 8. EXECUTIVE OFFICER

Contact: Christopher B. Chu, Corporate Secretary.
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ITEM 9. DATE OF REPORT

DATED at Vancouver, BC, this 12th day of July, 2010

News Release

11,630,000 TONNES Fe-Ti-V AVERAGING 0.73% V₂O₅ EQUIV. ESTABLISHED AS FIRST MINERAL RESOURCE ESTIMATE FOR THE IRON-T VANADIUM-IRON AND TITANIUM PROJECT BY SGS-GEOSTAT

Vancouver, BC – July 12, 2010

Apella Resources Inc. (TSX.V: APA), (Frankfurt Symbol: NWN) and its Board of Directors are pleased to announce that they have received from SGS-Geostat, by way of Memorandum, the preliminary results of the first Mineral Resource Estimation for its Iron-T Vanadium-Iron-Titanium project near Matagami, Quebec. This resource estimation includes Apella's 2009 drilling and the first drilling campaign conducted in early 2010, up to drill-hole number MA-10-25; as well as the historical drill holes and the different channel samplings made by Apella in 2008 and 2009. SGS-Geostat will submit a NI 43-101 Report on the Iron-T within 45 days which Apella will file with SEDAR.

This initial SGS-Geostat resource calculation does not include any results from the 15 drill holes recently drilled in May 2010 or the two 2009-2010 extended drill holes, for a total length of 2,222 m (7,290 feet). Apella has only received and released partial assay results with respect to these 15 holes. To date assay results have only been released on four of these holes with results pending on 11 more holes. The results from these recent 15 holes will be used in future follow-up resource calculations.

Apella Resources Inc.'s Chairman, Patrick D. O'Brien, ICD.D, states, "This resource calculation definitely exceeds management's expectations and certainly provides a substantial resource base on which to move the Iron-T Project forward toward the Bankable Feasibility stage. Management anticipates that the recent drill program results, once received, will contribute considerably to the volume of the Iron-T resource. We are very pleased with the highly professional and conservative manner in which SGS-Geostat has conducted the resource calculation program. It establishes an entirely new heightened level of confidence upon which to expedite development of the Iron-T Project."

Highlights from the SGS-Geostat's memorandum include:

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- A site visit from May 10, 2010 to May 13, 2010;
- The Memorandum provides the classified mineral resources of the Iron-T property as it stands today, as well as the parameters used by SGS-Geostat for their initial resource estimation;
- The recent drilling permitted the modeling of the Iron-T mineral deposit;
- Based on the available drilling and trenching data, a simple geological model was constructed by SGS-Geostat.
- A first exercise was made using a cutoff of 0.20% V₂O₅;

- Considering the fact that TiO_2 Iron Ore represents a non-negligible portion of the mineralization, it was decided to calculate a V_2O_5 equivalent (V_2O_5 Equiv.);
- For that purpose, a conservative \$50/tonne production cost was used as a reference for the estimated mining cost and the mill processing cost, using a conventional concentration method;
- A corresponding cut-off of 0.48% V_2O_5 Equiv. was obtained;
- SGS-Geostat considers the 0.48% V_2O_5 Equiv. cut-off grade as a conservative cut-off and is the one recommended;
- This cut-off roughly corresponds to a combined cut-off of 0.26% V_2O_5 and 3.78% TiO_2 ;
- An inferred mineral resource of 11,630,000 tonnes averaging 0.73% V_2O_5 Equiv. has been estimated.

Block Model parameters

- Block modeling was done on the West solid;
- SGS-Geostat used composites of regular length of 1.25 m with a minimum length of 0.50 m. The 1.25 m length was taken in account according to the average length of the core samples and the selected size of blocks;
- The block model is well situated within Apella's claims. They are considered in good standing. However, SGS-Geostat did not do an extensive status verification of Apella's claims at the time of this writing;
- Coordinates used are in UTM NAD 83 coordinates;
- The mineral deposit was cut by the topography;
- There are no overburden from drill hole information throughout the property;
- A specific gravity of 3.5 was used based on the weighted average of close to 40 specific gravity measures;
- Inversed squared distance was used for the estimation;
- The estimated resources were classified in accordance with the specifications of the NI 43-101 Policy, namely in measured, indicated and inferred mineral resources;
- Classification was done according to the density of drilling, the continuity of the available data and level of confidence of the data;
- Currently, there are no indicated or measured mineral resources;
- SGS-Geostat modeled the deposit according to mineralized interval along core of a minimum of 0.20% V_2O_5 cut-off. No minimum horizontal or true width was selected;
- The open-pit mining method was the selected method of extraction. This method influenced the minimum mill processing cost.

Vanadium equivalent in the resource estimation

SGS-Geostat introduced a Vanadium Equivalent calculated variable into the deposit estimation. Prices of magnetite and ilmenite concentrates as well as the Vanadium Pentoxide price were obtained from specialized international traders and markets as of June 10th, 2010. Those prices were provided by Apella's QP.

According to a \$50/tonne cut-off, SGS-Geostat used also a V_2O_5 Equiv. cut-off of 0.48%. SGS-Geostat established this Vanadium cut-off with a linear regression diagram of US\$/tonne vs V_2O_5 Equiv. The equation used is $Y = 0.009x$ with a $R^2 = 1$.

Mineral Resource Calculation

SGS-Geostat followed the “Estimation of Mineral Resources and Mineral Reserves- Best Practice Guidelines” adopted by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum. These are the relevant definitions. Classification was done according to the density of drilling and level of confidence of the data.

Currently, there no measured and indicated mineral resources. Most of the sections contain only one drill hole giving limited information on the deposit. The Iron-T Project presently contains an Inferred Mineral Resource of 11,630,000 tonnes of Fe-Ti-V averaging 0.73% V₂O₅ Equiv., which is corresponding to 37.88% Fe₂O₃, 6.33% TiO₂ and 0.40% V₂O₅ using the cut-off of 0.48% V₂O₅ Equiv.

The press release has been reviewed by Dr. Christian Derosier, P. Geo., Consulting Geologist and Claude Duplessis, P.Eng, Consulting Engineer, both Qualified Persons (Q.P.), for the Iron-T Project under National Instrument 43-101.

ON BEHALF OF THE BOARD OF DIRECTORS OF APELLA RESOURCES INC.

“Patrick D. O’Brien

Patrick D. O’Brien, ICD.D – Chairman

SEC Exemption 12(g)3-2(b) File no. 82-3822, Standard & Poors Listed, Dun & Bradstreet Listed

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Apella Resources invites the public to visit its website at www.apellaresources.com or e-mail us at apella@apellaresources.com to be added to the Company’s e-mail list for press releases and updates.

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