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New Palaeo - Channel discovery from modelling of HELITEM survey at Gabanintha

ASX [YRR]. Web page: www.yellowrock.com.au

HIGHLIGHTS

- **Newly discovered Palaeo - Channels have been identified from modelling the Fugro Airborne Services Pty Ltd (Fugro) HELITEM geophysical survey over Gabanintha.**
- **This discovery has the potential to identify uranium mineralisation where these channels have accumulated sediment in an iron-rich and vanadium-rich environment at Gabanintha.**
- **The identified channels drain towards the newly-acquired tenement E51/1529 immediately west of Gabanintha.**
- **The same channels also have potential to host secondary iron deposits containing haematite or magnetite.**
- **YRR will test the Fugro Palaeo - Channel model by drilling.**
- **YRR will also extend its HELITEM survey coverage to cover E51/1529.**

GABANINTHA HELITEM GEOPHYSICAL DATA MODELLING

As a result of the helicopter-borne Time domain Electromagnetic and Magnetic Survey (HELITEM) on the Gabanintha and Nowthanna Hill Tenements YRR has engaged Fugro Airborne Services Pty Ltd (Fugro) geophysicists to model the electro-magnetic responses.

The HELITEM survey covered the entire area of the YRR Gabanintha and Nowthanna tenements and was completed by Fugro over 537 line kilometres with flight paths at 150 metres apart.

This technique is capable of providing indications of deeper profiles of the known and potential mineralised bodies by modelling the magnetic and electro-magnetic responses.

Data from the modelling of the HELITEM survey interpretation by Fugro geophysicists was successful in showing a much larger and deeper magnetite orebody than that already identified by past drilling programs. (See YRR announcement of 30th May 2012)



In addition to ore deposit modelling from the HELITEM survey Fugro geophysicists were able to model near-surface features from the large volume of data generated. Conductivity of oxidised bedrock has a different geophysical response to transported or near-surface features such as calcrete, floodplain sands and silts, alluvium, laterite and palaeo-channels.

Palaeo - Channels

Figure 1 below shows modelled features from the conductivity depth data interpreted to be channels lying above the bedrock and trending NE-SW. This indicates that there is a significant volume of material that probably represents an ancient channel draining towards the southwest across the strike of the Gabanintha orebody and towards newly - acquired tenement E51/1529.

The typical conductivity model profile is shown below on Figure 1 where an interpreted channel is clearly demonstrated in cross section (within red ellipse) and appears to be over 100m deep.

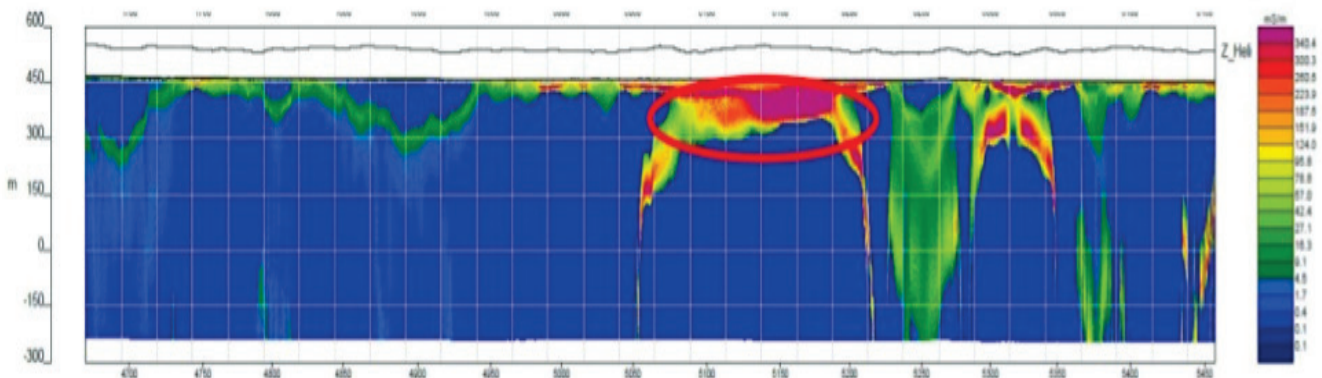


Figure 1 - Conductivity Depth Image (CDI) of a palaeochannel at Gabanintha in cross section.

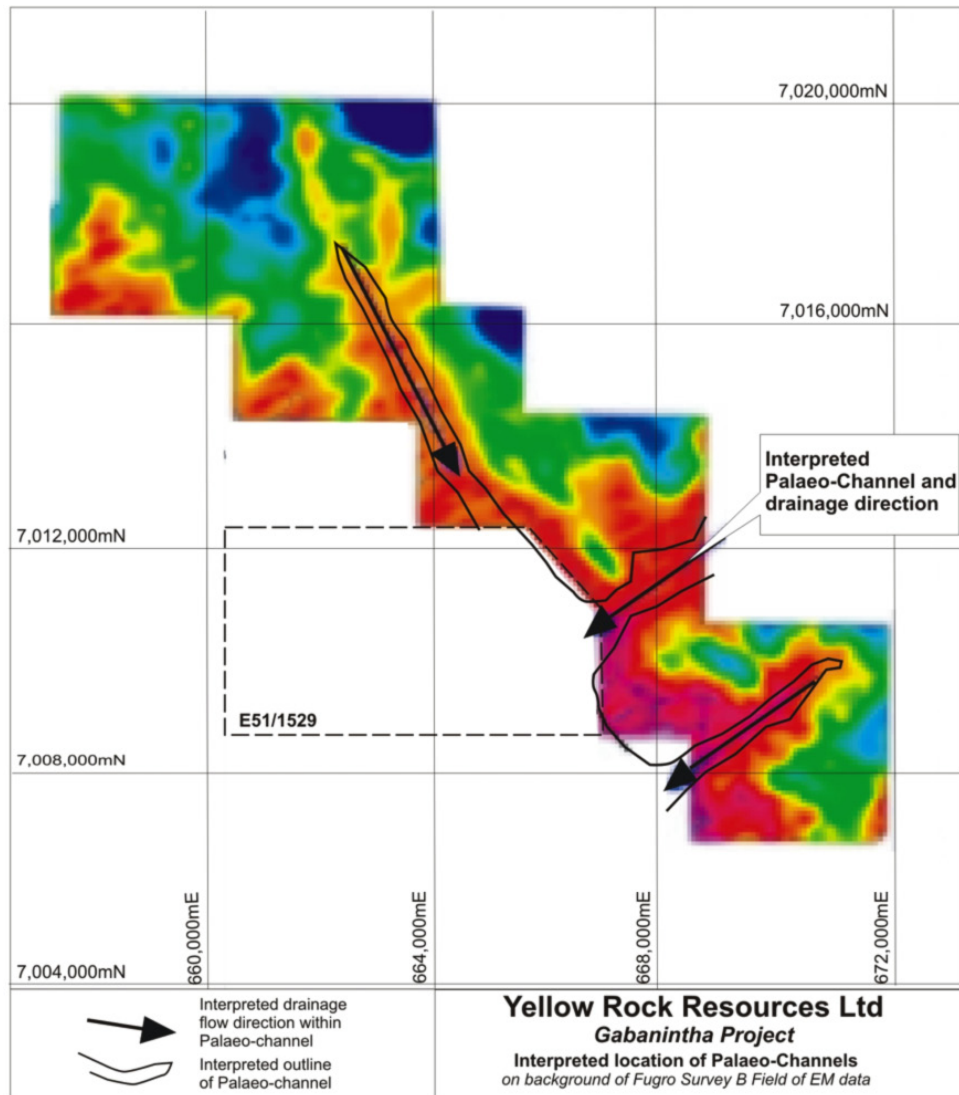


Figure 2 - Demonstrates the orientation and location of the interpreted channels as interpreted from the Fugro Electro-Magnetic (EM) B-Field data.

The EM responses modelled for the Gabanintha channel structures are similar to known uranium-bearing palaeo - channels previously modelled by Fugro where saline water, hygroscopic clays and calcretes are also present.

There is potential here for these palaeo - channels to have accumulated uranium which may be precipitated in clays, calcretes and silts when meeting a suitable environment rich in vanadium and iron typified by the Gabanintha iron-titanium-vanadium deposit.



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The Fugro palaeo - channel model remains to be confirmed by a drilling program.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L. Ingraham', with a small dot at the end.

Leslie Ingraham

Executive Director

The information in this statement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consulting geologist Brian Davis B.Sc (hons), Dip.Ed.

Mr 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.

Mr 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'.

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