



## UPDATE REPORT

December 11 2014

### Yellow Rock Resources Limited

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### Projects:

#### Gabanintha Vanadium

#### Gabanintha Gold, copper



## GOOD PROGRESS AT GABANINTHA

### KEY HIGHLIGHTS

Significant progress has been made on the Gabanintha Vanadium Project in Western Australia to advance towards feasibility with the following recent events:

- Submission and subsequent granting by DMP of a Programme of Works for approximately 6,325 metres of RC and Diamond drilling, expected to commence in Q1 of 2015.
- The new program is aimed at upgrading parts of the Gabanintha resource to Indicated and Measured Mineral Resource status (JORC 2012) over 2 kilometres of strike (about 16% of the current resource). This will provide samples for metallurgical testing and allow open pit optimisation and ore characterisation to begin.
- Drilling is expected to provide an initial inventory of vanadium ore in the Measured category at about 1% V<sub>2</sub>O<sub>5</sub>, sufficient to underpin the first five years of high grade ore feed<sup>1</sup>.
- Awarding the first stage metallurgical testing studies to Battery Limits Pty Ltd.
- Awarding of the Gabanintha Level 1 Survey and Baseline Environmental Study to Biologic Environmental Pty Ltd.
- New appointments of experienced geologists Vincent Algar as CEO and Brian Davis as a Non-Executive Chairman place YRR on a strong technical footing for progressing the Gabanintha Project.

The Company continues to engage with the broader financial and strategic investment community to improve awareness about the Gabanintha Project.

<sup>1</sup> Production scenarios are outlined in the Company's previously reported Concept Engineering Study (see ASX announcements dated 24 July 2014 and 15 September 2014)  
Yellow Rock Resources Ltd

Yellow Rock Resources Limited (ASX: YRR) (“Yellow Rock” or “the Company”) is pleased to provide the following update on its exploration and development activities.

## Drilling Program

An application to DMP for a Programme of Works for approximately 6,325 metres of RC and Diamond drilling has been granted. The program comprises 54 RC holes (about 5,425m) and 6 Diamond Drill holes (about 900m) and is designed to upgrade parts of the Gabanintha resource to Indicated and Measured Mineral Resource status (JORC 2012) over 2 kilometres of strike (about 16% of the total resource on the tenement). The map on Figure 1 illustrates the location of the program and the map on Figure 2 the location of the holes.

The primary objectives of the drilling include:

- Providing samples for metallurgical testing and allow open pit optimisation and ore characterisation to begin.
- Improving the drill spacing and additional grade, lithology, oxidation and density information to support a JORC 2012 Resource Estimation containing Measured, Indicated and Inferred Mineral Resources.

It is expected that the planned drilling will allow the identification of at least 5 million tonnes of vanadium ore in the Measured category at about 1%  $V_2O_5$  – enough to support the at least first five years of high grade ore feed in one of the scenarios outlined in the Company’s previously reported Concept Engineering Study (see ASX announcements dated 24 July 2014 and 15 September 2014) which had an estimated C1 cash operating cost of A\$7.26/kg (A\$3.29/lb) vanadium pentoxide (+98.5%  $V_2O_5$  Flake). This outcome will position YRR as a competitive open pit producer of  $V_2O_5$  in the medium term.

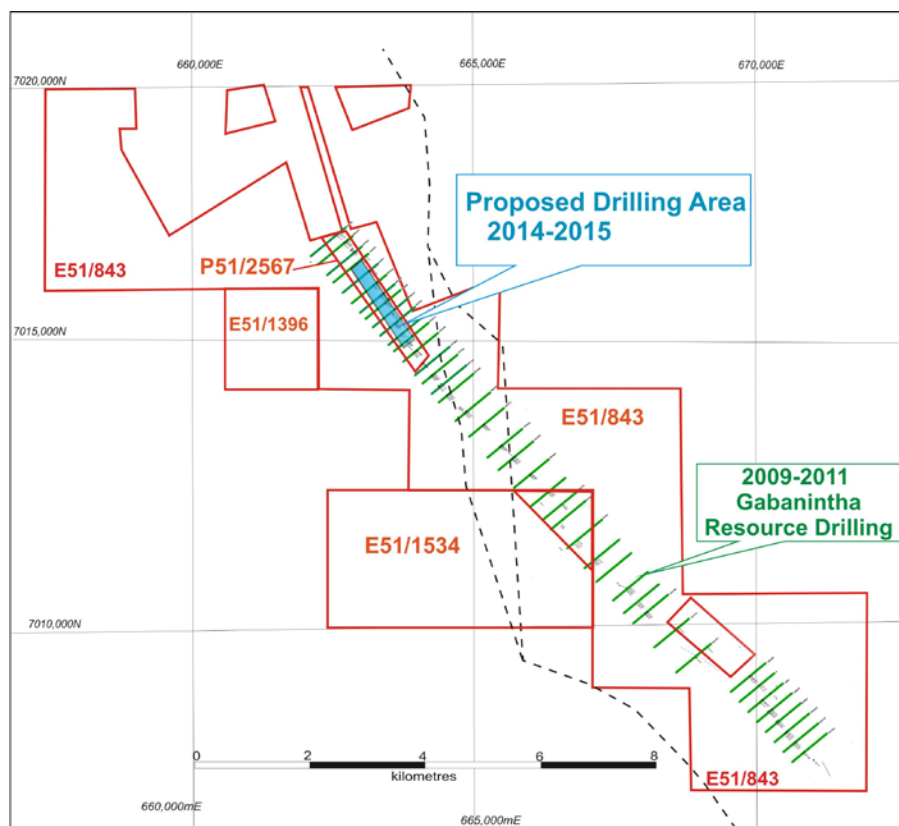


Figure 1: Plan of Gabanintha Vanadium Project showing vanadium resource drilling lines and proposed new drilling area.

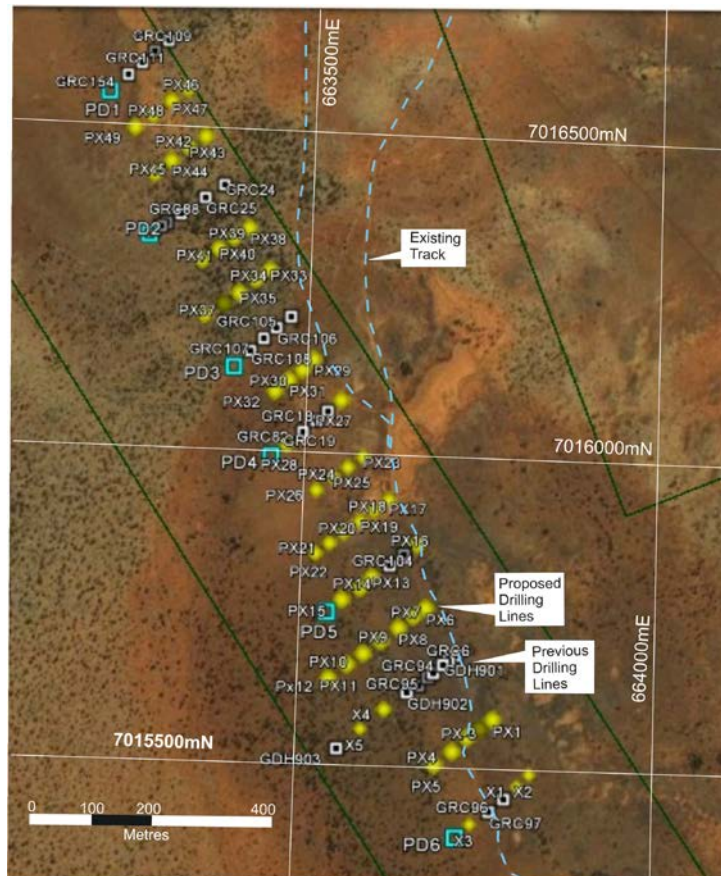


Figure 2: Proposed drilling program for 56 RC holes (shown in yellow) and 6 Diamond Holes (shown in blue)

## Metallurgical Testing

As part of the ongoing metallurgical studies required to develop the Gabanintha orebody, YRR requested quotations from several metallurgical and engineering companies. YRR is pleased to announce that Battery Limits Pty Ltd (BL) has been selected to conduct the first stage of metallurgical test work as part of the ongoing development and feasibility program. BL has previously completed testing on the Gabanintha ore and is familiar with vanadium extraction processes.

## Environmental Survey

The Level 1 Fauna & Flora Survey and Baseline Study, which are required as an essential component of a development application has been awarded to Biologic Environmental Pty Ltd. The fieldwork component is expected to be conducted in the early part of 2015 to tie in with the Mining Lease application and prior to the planned Mining Proposal.

## New Appointments

Four new appointments have been made to the YRR team. Experienced geologist Vincent Algar has been appointed CEO; previous Director Brian Davis has taken on the role of Non-Executive Chairman, while Neville Bassett has been appointed Company Secretary and Kristy Horton is now our Office Manager. This team will now place YRR on a strong footing for progressing the Gabanintha Project.

When asked his thoughts on progress to date YRR Chairman Brian Davis stated:

"I am pleased with the path that YRR is taking, and I have great faith in the team that is now in place to lead Gabanintha into vanadium production. I believe there is a bright future for the company."

**For further information, please contact:**

**Vincent Algar, CEO**

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## Investor Coverage

Recent news on the Company activities can be found on the Yellow Rock Resources website <http://www.yellowrock.com.au/>

## About Yellow Rock Resources Limited

Yellow Rock is developing the Gabanintha high-grade Vanadium Deposit located in the Murchison Province ~43kms south of the mining town of Meekatharra in Western Australia. The project consists of eight granted exploration licenses and one exploration license application in the Gabanintha Formation in the north of the Murchison granite-greenstone terrane of the Archaean Yilgarn Craton.

Mineralisation is associated with titaniferous magnetite bands ranging in size from a few metres to 30m thick that outcrop at surface. There are two distinct zones of mineralisation a separate basal, massive, high grade zone and an upper disseminated zone with lower grade. The deposit is over 12km along strike, outcrops at surface and is largely continuous. Over 13,000m of drilling has been conducted on the deposit comprising 155 reverse circulation (RC) holes and nine diamond (DD) holes. These holes have been geologically logged and sampled and were used to determine a JORC 2004 Compliant Mineral Resource Estimate in 2011 (Table below).

A Concept Engineering Study completed in 2014 (see ASX announcement dated 15 September 2014) into the development of an open cut vanadium mine at Gabanintha demonstrated that an operation to mine, beneficiate and process ore to produce vanadium pentoxide is technically and commercially viable. Recent developments in vanadium redox battery technology for grid-scale energy storage with improved vanadium demand fundamentals have underpinned the recent work programs. The Company is focused on definition of the most economical start-up mining and product combination that minimises capital expense and maximises value.

| Material   | JORC Resource Class | Million tonnes | In situ bulk density | V <sub>2</sub> O <sub>5</sub> % | Fe%          | TiO <sub>2</sub> % | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | LOI%        |
|------------|---------------------|----------------|----------------------|---------------------------------|--------------|--------------------|--------------------|----------------------------------|-------------|
| High grade | Indicated           | 14.4           | 4.17                 | 1.03                            | 42.14        | 12.07              | 11.42              | 7.84                             | 3.37        |
|            | Inferred            | 46.0           | 4.16                 | 0.97                            | 42.15        | 11.19              | 12.37              | 8.28                             | 3.20        |
| Subtotal   |                     | 60.4           | 4.16                 | 0.98                            | 42.15        | 11.40              | 12.15              | 8.17                             | 3.24        |
| Low grade  | Indicated           | 42.7           | 2.71                 | 0.44                            | 23.37        | 6.08               | 29.25              | 18.09                            | 8.94        |
|            | Inferred            | 22.7           | 2.67                 | 0.42                            | 22.65        | 6.08               | 30.62              | 16.96                            | 6.92        |
| Subtotal   | Indicated           | 57.0           | 2.97                 | 0.59                            | 28.10        | 7.59               | 24.76              | 15.51                            | 7.54        |
| Subtotal   | Inferred            | 68.8           | 3.51                 | 0.79                            | 35.70        | 9.50               | 18.40              | 11.15                            | 4.43        |
|            | <b>Total</b>        | <b>125.8</b>   | <b>3.25</b>          | <b>0.70</b>                     | <b>32.60</b> | <b>8.64</b>        | <b>21.29</b>       | <b>13.13</b>                     | <b>5.84</b> |

Note: In-situ dry bulk density has been assigned based on V<sub>2</sub>O<sub>5</sub> grade, therefore density values quoted here are weighted average values. The Mineral Resource was estimated as a block model within constraining wireframes based upon logged geological boundaries and grade cut-offs of 0.30% V<sub>2</sub>O<sub>5</sub> for Low Grade (LG) and 0.70% V<sub>2</sub>O<sub>5</sub> for High Grade (HG). Tonnages have been rounded to reflect that this is an estimate.

The Gabanintha Project area is also highly prospective for gold and copper mineralisation.

## Competent Person Statement

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 and is the Non-Executive Chairman of Yellow Rock Resources Limited. Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2012 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". The information that refers to Exploration Results and Mineral Resources in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.

## Forward Looking Statements

No representation or warranty is made as to the accuracy, completeness or reliability of the information contained in this release. Any forward looking statements in this presentation are prepared on the basis of a number of assumptions which may prove to be incorrect and the current intention, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside Yellow Rock Resources Limited's control. Important factors that could cause actual results to differ materially from the assumptions or expectations expressed or implied in this presentation include known and unknown risks. Because actual results could differ materially to the assumptions made and Yellow Rock Resources Limited's current intention, plans, expectations and beliefs about the future, you are urged to view all forward looking statements contained in this release with caution. The release should not be relied upon as a recommendation or forecast by Yellow Rock Resources Limited. Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.