



Yellow Rock Resources Limited

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ACTIVITIES REPORT FOR THE QUARTERLY PERIOD ENDED ON 31 DECEMBER 2009

Highlights:

Gabanintha Vanadium Project

- Diamond drilling programme completed during the quarter
- Drilling undertaken to extend down dip resource to 200m vertical depth
- Current resource is 151Mt at 0.62% V₂O₅ to 100m vertical depth
- Gold geochemical sampling program planned
- Independent concept study of the Gabanintha Vanadium Project provides confidence towards project advancement
- High grade concentrate (1.3 to 1.6% V₂O₅) suitable for a vanadium roast-leach plant, produced by magnetic separation
- Grades as high as 1.5% V₂O₅ (GRC025, 45-46m) produced from drill samples of massive ore
- High grade “oxidised” ore from a surface bulk sample produced a concentrate suitable for vanadium extraction by simple crushing and screening

Turner's Dome Project

- 8 Significant Uranium anomalies to be tested
 - Property located adjacent to Energy Metal's Biglyi Uranium Deposit
 - Surficial Copper-Gold anomalism identified
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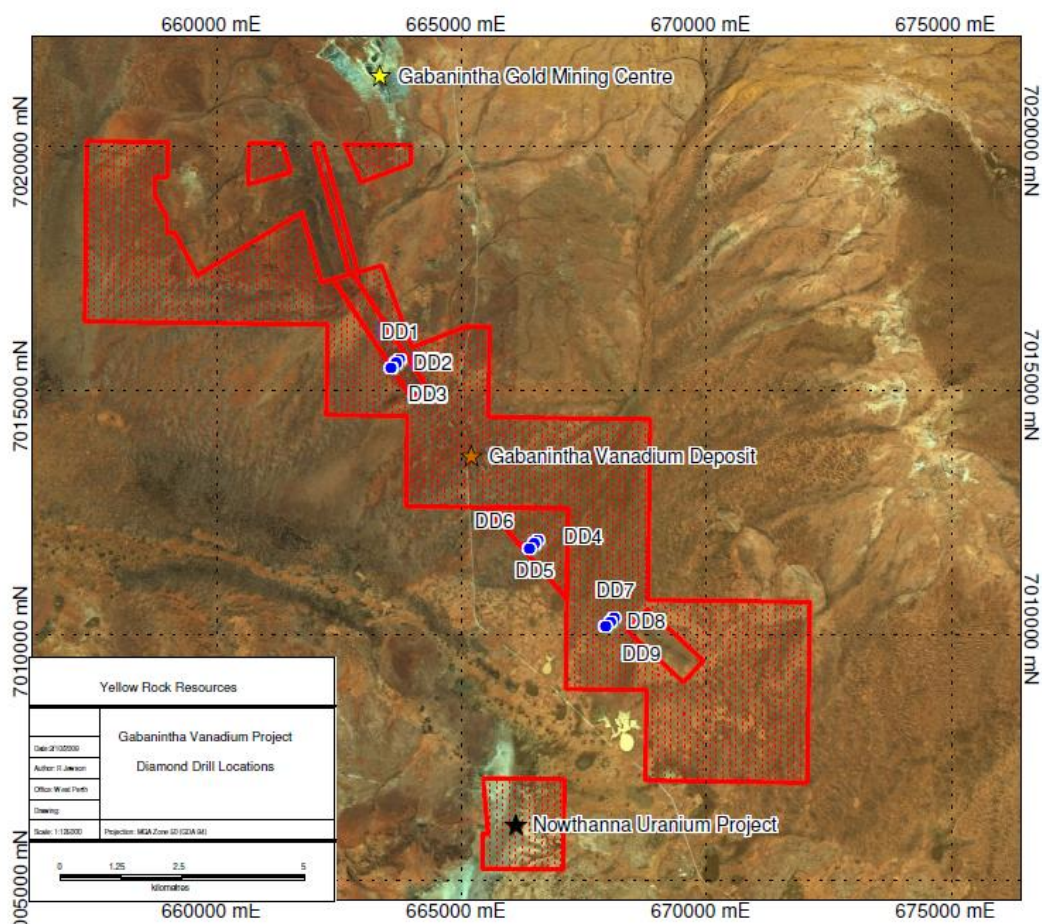
GABANINTHA VANADIUM PROJECT

During the quarter, the Company commenced a diamond drilling programme and completed a concept study on the Gabanintha Vanadium Project.

Vanadium Exploration:

The diamond drilling programme aims to define down dip extensions to the currently known resources as well as obtain core for both density measurements as well as metallurgical testwork. The exploration target for the Gabanintha diamond program is to define inferred resources to some 200m deep (c.f. 100m currently) and look at the possible extension to the hangingwall zone.

Figure 1: Diamond Drilling Location Plan



Gabanintha Concept Study:

During the quarter, the Company announced the completion of a concept study involving metallurgical testing and research on its Gabanintha Vanadium ore body. Prior drilling has defined a substantial high grade vanadium/iron ore/titanium resource. The deposit consists of a zone of massive, high grade vanadium and a zone of disseminated mineralisation. The massive zone comprises 69.6 Mt @ 0.87% V_2O_5 , 38.1% Fe and 10.3% TiO_2 , whilst the disseminated zone comprises 69.8 Mt @ 0.40% V_2O_5 , 21.9% Fe and 5.7% TiO_2 .

Table 1: JORC Resources

| | | Million Tonnes | V ₂ O ₅ % | TiO ₂ % | Fe% |
|-------------------|------------------|-------------------|---------------------------------|--------------------|-------------|
| High Grade | measured | 32.5 | 0.9 | 10.4 | 38.3 |
| | indicated | 23.7 | 0.8 | 9.8 | 36.9 |
| | inferred | 13.4 | 0.9 | 10.8 | 39.7 |
| | Sub-total | 69.6 | 0.9 | 10.3 | 38.1 |
| Low Grade | measured | 53.9 | 0.4 | 5.6 | 21.6 |
| | indicated | 9.7 | 0.4 | 5.8 | 22.7 |
| | inferred | 6.2 | 0.4 | 5.8 | 22.6 |
| | Sub-total | 69.8 | 0.4 | 5.7 | 21.9 |
| Scree | measured | 8.3 | 0.4 | 4.9 | 22.1 |
| | indicated | 1.2 | 0.3 | 4.4 | 19.6 |
| | inferred | 2.3 | 0.7 | 7.5 | 34.2 |
| | Sub-total | 11.8 | 0.4 | 5.4 | 24.2 |
| Total | measured | 94.7 | 0.56 | 7.21 | 27.4 |
| | indicated | 34.6 | 0.69 | 8.52 | 32.4 |
| | inferred | 21.9 | 0.74 | 9.02 | 34.3 |
| | Total | 151.2 | 0.6 | 7.8 | 29.5 |

Battery Limits Pty Ltd, a leading Perth based metallurgical and process development firm, was commissioned to prepare the Concept Study. The study included the review of all previous test work (Lakefield Orestest Pty Ltd, 2004), a new metallurgical testwork program (undertaken by Ammtec Ltd), benchmarking of the project against other vanadium projects, and preparation of a marketing report.

The study showed a suitable concentrate can be prepared from each of the 3 key ore zones; whether massive, disseminated or scree, and that the beneficiation metallurgy is relatively simple.

Test Program; methods and results

Metallurgical tests were conducted on samples of RC chips taken from the earlier drilling program, and on bulk surface samples collected specifically for the Concept Study. The massive ore samples collected showed particularly high V₂O₅ grades of 1.46%, 1.19% and 1.25% for the scree (Hole GRC 61, 17m-21m), transition (Hole GRC 63, 78m-82m) and fresh material (Hole GRC 53, 107m-112m) respectively. The massive oxidised surface sample collected assayed 1.3% V₂O₅.

Testwork has indicated that both the transitional and fresh massive and disseminated ores are amenable to magnetic beneficiation, producing a high grade concentrate (1.3 to 1.6% V₂O₅) suitable for feed to a vanadium roast-leach plant. Furthermore, simply crushing and screening the massive high grade vanadium “oxidised” ores, and discarding the fines, is sufficient to produce a concentrate suitable for vanadium extraction.

The current resource (151 Mt at 0.62% V₂O₅) has only been defined to a vertical depth of 100 m. A program of diamond drilling in and down dip of the existing resource was completed in the fourth quarter of 2009. The drilling aims to extend the down dip resource to 200m vertical depth and to provide samples for further metallurgical testwork.

The Company is pleased with the outcome of the Concept Study. Given the likelihood of further mine and processing optimisation, the potential for improvement in the size and grade of the resource and the high quality of the concentrates being achieved from simple beneficiation, the Company has confidence in the future of the Gabanintha project.

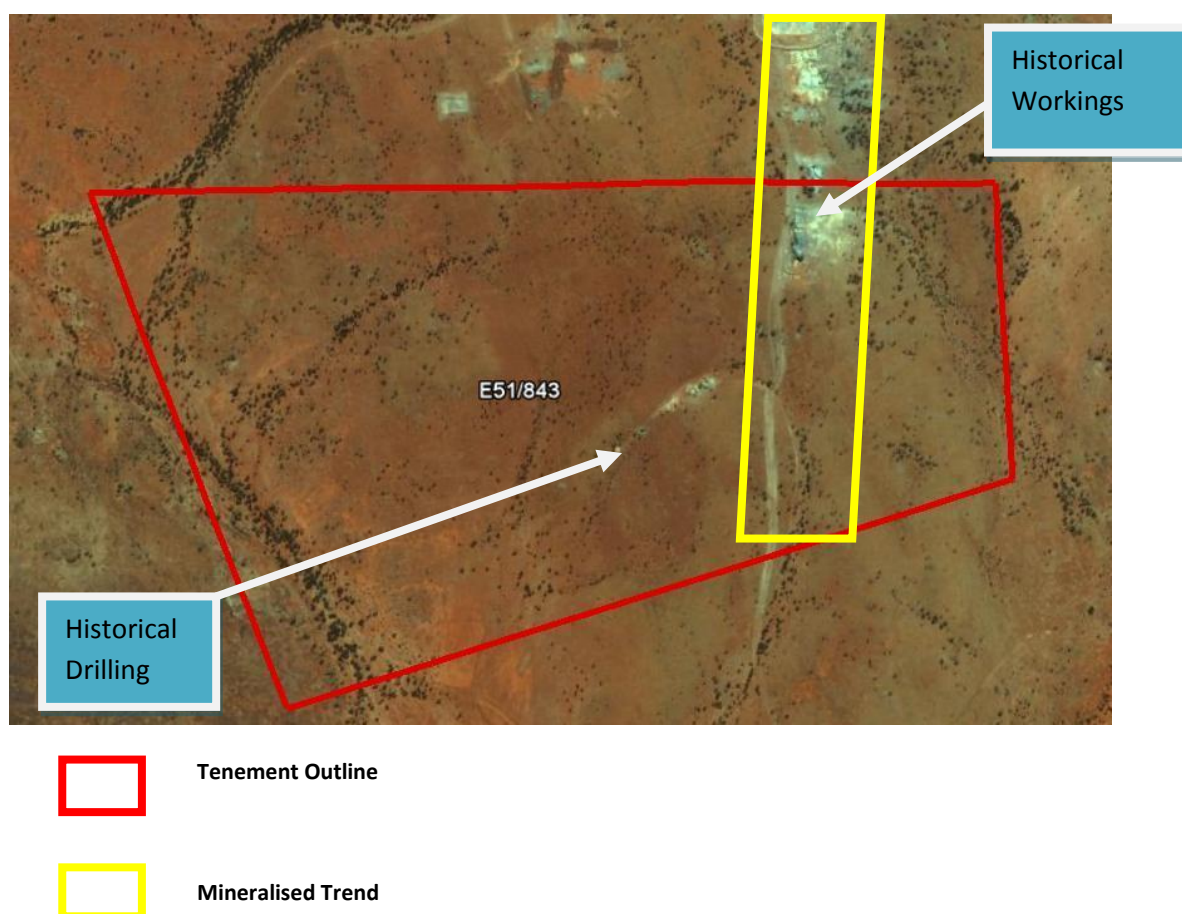
Gold Exploration:

Desk top evaluation of the Northern Lease area by Yellow Rock which includes extensions to the Gabanintha Mine sequence and structure and has identified areas that can be drilled in the next RC programme in the area.

Select samples from the current RC programme were assayed for gold due to the presence of bleaching and sulphides with micas and carbonates. The results of 3 samples were anomalous, with GRC156 having 3m at 0.11g/t from 97m.

A geochemical sampling programme will be undertaken in the area at the same time as the drilling programme.

Figure 2: Historical Gold Exploration and Workings



TURNER'S DOME PROJECT

On 22 December 2009, the Company announced the commencement of a field exploration program focussing on the Uranium potential of its Turner's Dome tenement, E25426, in the Ngalia Basin, Northern Territory. The Turner's Dome tenement lies directly north of the high grade, Energy Metals Ltd (ASX Code: EME) managed, 20.6 Million pounds of U₃O₈ at 500ppm cut-off (refer EME announcement dated 15 May 2009), Bigrlyi Uranium Deposit (see tenure map).

A completed review of the available geophysical and historical exploration records has produced several substantial exploration targets, which will be field tested Q1 2010.

Uranium Anomalies:

Proterozoic palaeochannels are known to host significant accumulations of uranium mineralisation within the basin. At Turners Dome, interpreted palaeochannel structures apparent in detailed airborne magnetic data, are coincident with surface uranium anomalies. The geophysical survey covers the central southern portion of the tenement.

Surficial uranium targets will be initially tested by means of both Scintillometer and portable XRF readings.

Surficial Gold-Copper Anomalism:

Numerous shallow historical workings have been identified. None of these have been explored by any modern systematic exploration methods. Detailed ground mapping and sampling of these workings will be conducted to establish the extent of mineralisation.

Regional Geology:

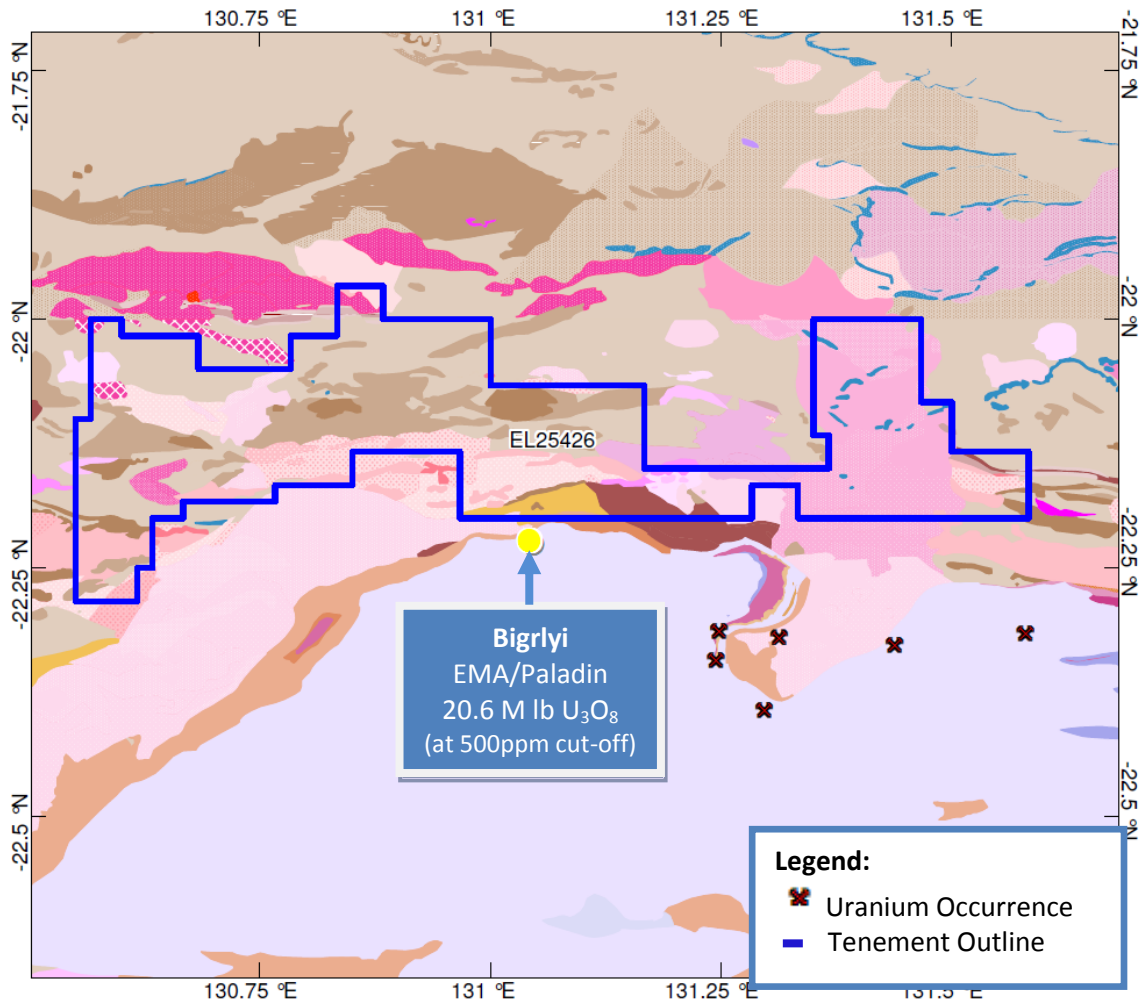
The Neoproterozoic to Palaeozoic intracratonic Ngalia Basin is approximately 300km long and 70km wide, and lies within the Northern Arunta Province of the Arunta Inlier, in central-south of the Northern Territory.

Uranium mineralisation of the Ngalia Basin is hosted in sedimentary channels, piedmont-style of carbonaceous arkoses located towards the base of the Mount Eclipse Sandstone.

Shallow cover of Recent to Quaternary sediments obscures to a large degree much of the geology and inhibits a radiometric response.

A number of strong exploration targets have been identified on YRR's 100% owned Turner's Dome tenement in the Ngalia Basin. The elevated prospectivity is recognised by China Uranium Development Company's (**CUD**) recent bid for Energy Metals, managers of the adjacent Bigrlyi Project JV.

Turner's Dome Location Plan:



Corporate

During the quarter, the company completed securities issues, raising \$3,713,000 as detailed below:

- (a) the issue and allotment of 95,000,000 ordinary fully paid shares at an issue price of \$0.039 each, together with 95,000,000 free attaching options exercisable at \$0.07 each on or before 30 September 2012 (**Options**), thereby raising \$3,705,000 (before expenses of the issue);
- (b) the issue and allotment of 80,000,000 partly paid shares at an issue price of \$0.0001 each, raising \$8,000 (before expenses of the issue). The partly paid shares are 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; and
- (c) the issue of incentive options to Directors and officers of the Company on the following basis:
 - 4,666,667 options exercisable at 8 cents each on or before 1 September 2011;
 - 4,666,667 options exercisable at 11 cents each on or before 1 September 2012; and
 - 4,666,666 options exercisable at 14 cents each on or before 1 September 2013;

The options have a vesting date of 1 September 2010.

Don Valentino
Executive Chairman

COMPETENT PERSON STATEMENTS

Information in this report that relates to Exploration Results on the Gabanintha Vanadium project is based on information compiled by Peter Schwann, CP (Geol), who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Schwann is a consultant to Yellow Rock Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves. Mr Schwann consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

Technical information in this report relating to the Turners Dome project has been prepared under the supervision of Mr Jonathan King, a director of Weston Consultancy Group Pty Ltd, and a member of the Australian Institute of Geoscientists (AIG). Mr King has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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" (the JORC Code). Mr King consents to the inclusion in this report of the information, in the form and context in which it appears.