

QUARTERLY REPORT

ACTIVITY REPORT FOR THE QUARTERLY PERIOD ENDED 30 JUNE 2015

“Yellow Rock Resources has had a great quarter with the identification of the best vanadium grades ever seen in drilling at Gabanintha and positive engagement with the battery storage market.”

Chief Executive Officer Vincent Algar.

Highlights for the June 2015 quarter include:

- Successful completion of RC and diamond drilling at Gabanintha.
- Discovery of grades measuring as high as 2.20% V₂O₅
- RC results containing 158 intersections greater than 0.5% V₂O₅ and wider than 4 metres.
- RC results containing 15 individual assays over 1.50% V₂O₅ in seven different drill holes.
- Diamond core results containing 19 significant intersections greater than 0.5% V₂O₅ and wider than 4 metres. These include seven significant intersections greater than 1.0% V₂O₅ and wider than 4 metres.
- Diamond results confirming the presence of robust widths of high-grade vanadium magnetite layer seen throughout the RC drilling, including up to 14m at 1.44% V₂O₅ from 131m.
- Mining Lease application (MLA 51/878) over the Gabanintha vanadium deposit submitted to the Department of Mines and Petroleum.
- Company joined the Clean Energy Council (CEC) of Australia as an associate member.
- Detailed review and engagement with key players in the traditional vanadium steel markets and the rapidly emerging Vanadium Redox Battery (VRB) Market.
- Company advancing updated resource estimate and mining study in the September Quarter.

30.07.2015

ASX ANNOUNCEMENT

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Figure 1. McKay Drilling RC Rig at Gabanintha in March 2015

RC drilling program completed; final results received. High-grade zones extended at Gabanintha.

During the June 2015 Quarter, the Company completed a 63 hole, 5,955m RC drilling program and received all final assay results¹ at the Gabanintha Vanadium Project in the Murchison District of Western Australia (see Figure 2). The completion of the program is the first step towards upgrading and updating the resource estimate at Gabanintha.

The RC results contain 158 significant ($>0.5\% \text{ V}_2\text{O}_5$, $>4\text{m}$ in width) intersections as well as the highest-grade RC intersections identified on the project to date with up to $2.15\% \text{ V}_2\text{O}_5$. These confirm Gabanintha's position as one of the highest-grade vanadium deposits currently being advanced globally. The drilling intersected 15 individual 1m assays over $1.50\% \text{ V}_2\text{O}_5$ in seven separate drill holes. Significant areas of very high grades never seen in previous wide spaced drilling have been identified in consecutive holes and over multiple adjacent sections. (See Figure 4, 5, 6).

The assay results for the RC drilling identified two major positives for the Project which add value to the Company. These include;

- The consistent and predictable geology of the high grade vanadium magnetite zone, particularly its consistent thickness, providing a strong basis for the resource estimation process to commence shortly.
- The grade of the magnetite zone, showing consistent levels well above $1\% \text{ V}_2\text{O}_5$, with high iron and titanium content, point to a resource which is comparable to other world class deposits currently in production or in development elsewhere.

Analysis of the results from the RC drilling identified multiple drilled widths containing significant grades. Intersections include;

- 34m at $0.77\% \text{ V}_2\text{O}_5$ from 86m, including 8m at $1.29\% \text{ V}_2\text{O}_5$ from 103m in GRC0166;
- 16m at $1.31\% \text{ V}_2\text{O}_5$ from 12m in GRC0162;
- 12m at $1.36\% \text{ V}_2\text{O}_5$ from 36m in GRC0163;
- 13m at $1.24\% \text{ V}_2\text{O}_5$ from 77m in GRC0165;
- 17m at $0.87\% \text{ V}_2\text{O}_5$ from 84m including 9m at $1.17\% \text{ V}_2\text{O}_5$ in GRC0161
- 40m at $0.97\% \text{ V}_2\text{O}_5$ from 24m in GRC0170 including 29m at $1.15\% \text{ V}_2\text{O}_5$ from 34m (this zone includes assays up to $1.49\% \text{ V}_2\text{O}_5$)
- 39m at $0.84\% \text{ V}_2\text{O}_5$ from 47m in GRC0194 including 13m at $1.22\% \text{ V}_2\text{O}_5$ from 70m
- 37m at $0.94\% \text{ V}_2\text{O}_5$ from 65m in GRC0174 including 16m at $1.32\% \text{ V}_2\text{O}_5$ from 86m (this zone include 4m at $1.47\% \text{ V}_2\text{O}_5$ and 1m at $1.51\% \text{ V}_2\text{O}_5$)
- 37m at $0.82\% \text{ V}_2\text{O}_5$ from 48m in GRC0203 including 15m at $1.18\% \text{ V}_2\text{O}_5$ from 64m (this includes a zone of 6m at $1.33\% \text{ V}_2\text{O}_5$)
- 36m at $1.00\% \text{ V}_2\text{O}_5$ from surface in GRC0192 including 20m at $1.18\% \text{ V}_2\text{O}_5$ from 12m (this includes 9m at $1.32\% \text{ V}_2\text{O}_5$)

¹ ASX Announcements of RC Drilling Results May 25, 2015 and June 12, 2015.

High grade intersections greater than 1.35% V₂O₅ over widths of 4m or more include;

- 7m at 1.44% V₂O₅ from 27m in GRC0169 (this include 4m at 1.51% V₂O₅)
- 7m at 1.44% V₂O₅ in GRC0173 from 70m(this include 1m at 1.51 % V₂O₅ and 1m at 1.52% V₂O₅)
- 4m at 1.38 % V₂O₅ from 55m in GRC0189
- 12m at 1.36% V₂O₅ from 36m in GRC0163 including 7m at 1.40 % V₂O₅ (includes 1m at 1.52% V₂O₅)
- 10m at 1.36% V₂O₅ in GRC0204 from 98m including 8m at 1.43 % V₂O₅ from 99m.
- 7m at 1.35% V₂O₅ in GRC0164 from 57m
- 5m at 1.35 % V₂O₅ in GRC167 from 124m

Further detail is provided in the ASX announcements lodged on 25 May and 12 June.

Diamond drilling final results complement successful RC program.

During the Quarter, the Company completed an eight-hole, 761m large diameter diamond drilling program as part of its infill drilling program, allowing the Company to move rapidly towards upgrading and updating its resource estimate at the Gabanintha Vanadium project in the Murchison District of Western Australia.

Large diameter diamond drilling core is considered the highest possible quality sample available and an excellent check on the previous RC drilling results. Correlations between the diamond drilling and RC drilling results are excellent. Two drillholes (GDH915 and GDH917) were drilled to twin the RC holes GRC0105 and GRC0162 respectively.

The diamond drill holes were mostly located on the Western extremity of the drill lines as shown in Figure 3. In that position, the drillholes comprise the deepest hole on the section (see the diagrams in Figure 4,5,6), allowing the logging and sampling of a complete sequence of the intrusion. Geotechnical assessment of the diamond holes will allow important geotechnical parameters to be identified for use in open pit wall angles and behavior during the mining study.

Assay results² identified consistent, wide-drilled widths greater than 20m containing significant grades. Assay grades from the quality core have again confirmed the presence of exceptional high grade zones above 1.3% V₂O₅ within the high-grade magnetite-vanadium-titanium rich horizon. Individual grades up to 2.20% V₂O₅ and intersections above 1.5% V₂O₅ were encountered in the core and complement the intersections seen in the RC drilling results. The gabbro sequence immediately above the high grade zone consists of up to four sequences of iron-vanadium-titanium mineralization above 0.4% V₂O₅, with consistent bands of lower grade between them. The total thickness of this sequence intersected in drilling so far exceeds 160m. The mineralised rocks are magnetite banded gabbro, with massive magnetite bands from centimetre to metre scale, as well gabbros containing grains of vanadium-rich magnetite disseminated throughout. Further details are available in the ASX announcement lodged on 13 July.

The detailed logging of the close spaced drilling is allowing for an accurate interpretation of the high and low grade mineralised sequence which is being compiled and will form part of the resource estimation process which is due to commence in August 2015.

The drilling has also allowed the acquisition of other important high-quality data such as geotechnical logging and metallurgical sample collection which are currently underway and will be used in future mining study work later in 2015.

The combined diamond and RC results from the 2015 programs at Gabanintha point strongly to a resource which is comparable to other world class deposits currently in production or in development elsewhere in the world.

Intersections greater than 0.5% V₂O₅ and greater than 4 metres in thickness identified during the current program include;

- 30m at 0.99% V₂O₅ from 115m in GDH913 including 14m at 1.44% V₂O₅ from 131m (this zone includes assays up to 2.20% V₂O₅ and 7m at 1.76% V₂O₅ from 135m) - See Figure 6 for core images of this zone.
- 28m at 0.99% V₂O₅ from 132m in GDH916 including 18m at 1.24% V₂O₅ from 139m (this zone includes 6m at 1.35% V₂O₅ from 139m and 6m at 1.32% V₂O₅ from 146m)
- 27.2m at 0.87% V₂O₅ from 86m in GDH911 including 13.4m at 1.12 % V₂O₅ from 98.9m (this zone include 7m at 1.29% V₂O₅ from 104m)
- 25m at 0.90% V₂O₅ from 119m in GDH912 including 17m at 1.07% V₂O₅ from 124m (this includes a zone of 6m at 1.21% V₂O₅ from 128m)
- 21m at 0.94% V₂O₅ from 100m in GDH914 including 12m at 1.19% V₂O₅ from 109m

² ASX Announcement July13,2015

Highlights and key information for the RC and diamond drilling results completed during the Quarter are summarised below;

- Complete lists of significant intersections greater than 0.5% V_2O_5 over an interval of 4m or greater drilled width as well as JORC 2012 Table 1 disclosures are reported in the original ASX announcements on May 25, June 12 and July 13.
- New diamond results contain 19 significant intersections greater than 0.5% V_2O_5 and wider than 4 metres. These include 7 significant intersections greater than 1.0% V_2O_5 and wider than 4 metres.
- Drilling has intersected individual high grades up to 2.20% V_2O_5 , including 6 individual 1m assays over 1.50% V_2O_5 in GDH913
- RC and diamond drilling identified extensive areas of +1.3% V_2O_5 in the basal “massive” magnetite zone which is identified along 2km of strike drilled. These “sweet spots” indicate areas where the vanadium replacement into the magnetite structure during the igneous crystallization process has been very efficient. The resulting grades are comparable to world-class magnetite vanadium operations which display similar physical and chemical characteristics.
- The consistent “massive” magnetite zone occurs as the lowermost mineralised horizon in all drillholes. It consists of a massive vanadium, titanium magnetite rock. The gabbro sequence immediately above the high grade zone consists up to four sequences of iron-vanadium-titanium mineralization grading above 0.4% V_2O_5 with consistent bands of lower grade between them. The mineralised rocks are magnetite banded gabbro, with massive magnetite bands from centimetre to metre scale, as well as gabbros containing grains of vanadium rich magnetite scattered throughout.
- The mineralised zones are westerly dipping at between 45 and 55 degrees. Drilling is oriented at -60 degrees to the east-north-east (050), and intersects the mineralisation at close to true widths.
- The rocks identified in the core are often weathered. The weathering profile is variable and varies in intensity with depth. The gabbro sequence is weathered more deeply than the high grade magnetite horizon. In all cases the grade of vanadium mineralisation is unaffected by the degree of weathering with some lower grade zones being upgraded.
- Drilling has also identified variable levels of transported cover, some of which contain high levels of iron and vanadium mineralisation. The distribution and nature of this cover material will be assessed in the resource estimation and mining study process.
- Figure 2 shows the location of all drill holes (current and historical) and the license tenure.
- Figure 3 shows the location of all the holes in the current program as well as the holes reported in this release.
- Figure 4,5,6 show schematic drill sections generated from the drilling. The section locations are shown in Figure 3. The background image to the sections was created using Discover 2014 MapInfo Pro Bundle Surfaces menu. V_2O_5 results for drillholes gridded with interactive grid, using Inverse Distance Weighting, a cell size of 1m, elliptical search bias of 60m x 20m oriented predominantly at 45° to vertical. The subsequent gridded data was then queried by Multiple Value Ranges (0.1, 0.4, 0.7, 0.9, 1.3% V_2O_5), and coloured to produce the image.
- Figure 7 shows a series of labelled core photos in the very high grade vanadium magnetite zone in GDH913.
- The 2015 drilling program covers only 16% of the 12 km strike of the known mineralisation identified by wide spaced drilling. The mineralisation remains open at depth.

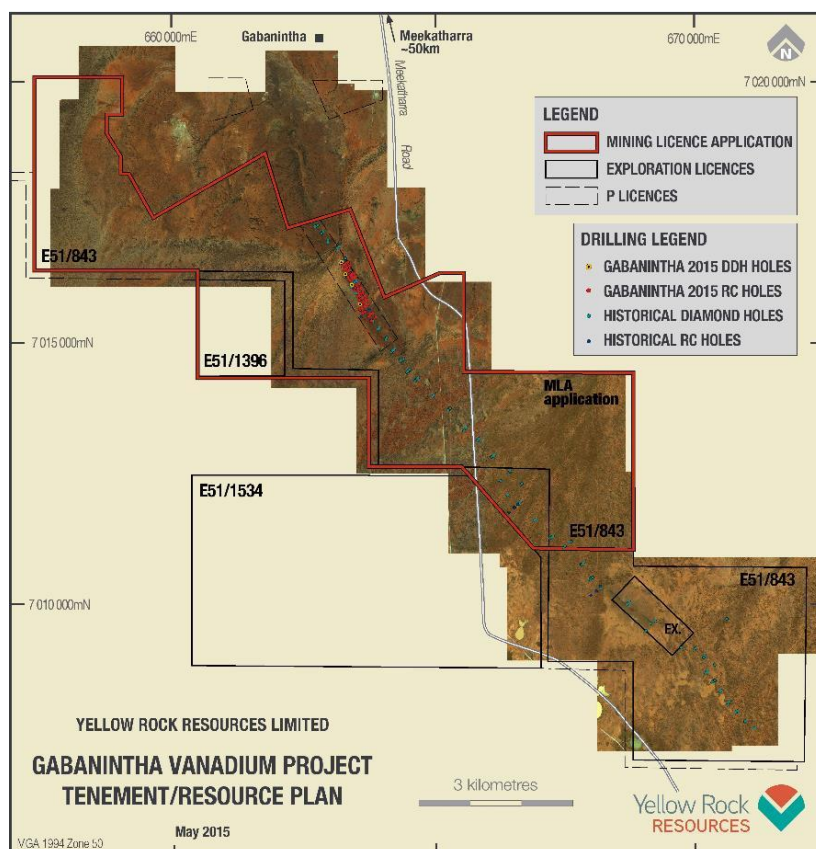


Figure 2: Location Diagram of the Gabanintha Vanadium Project showing the current drilling area and new Mining Licence Application.

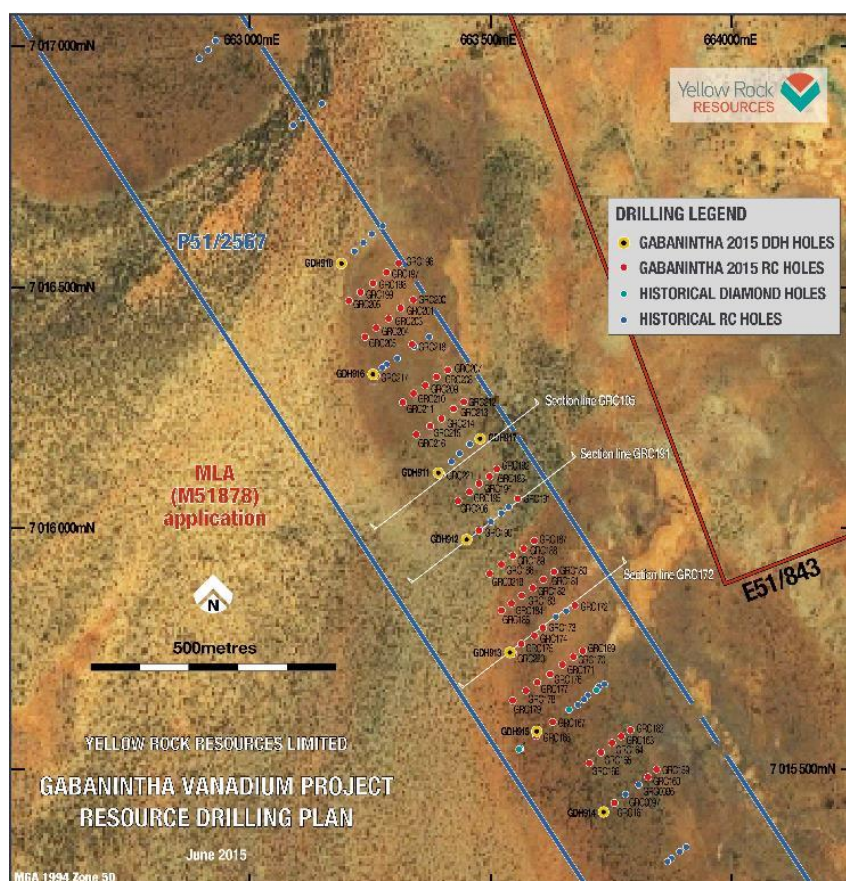


Figure 3 Detailed Location Diagram New RC and Diamond Drilling

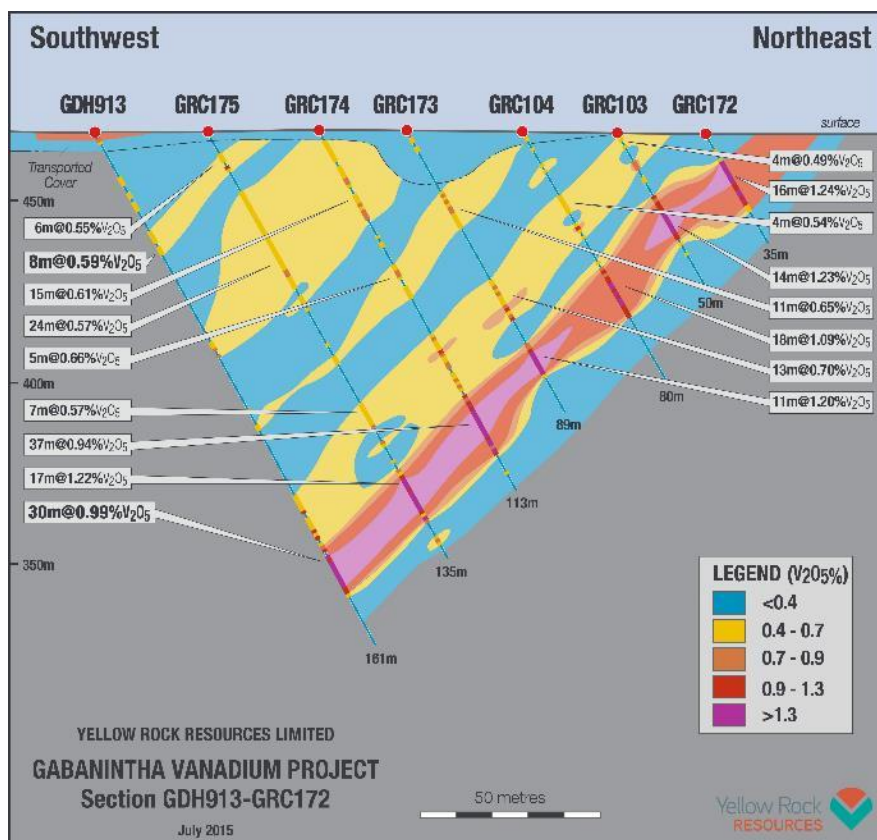


Figure 4 Cross Section GDH913 to GRC172

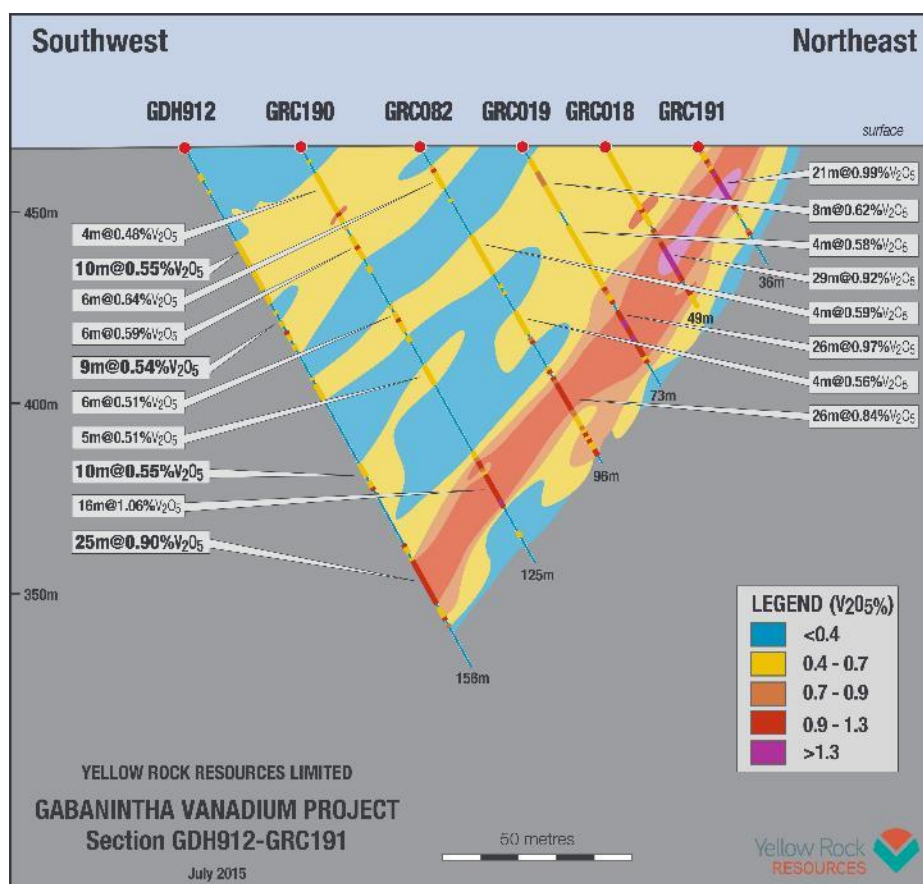


Figure 5 Cross Section GHD912 to GRC0191

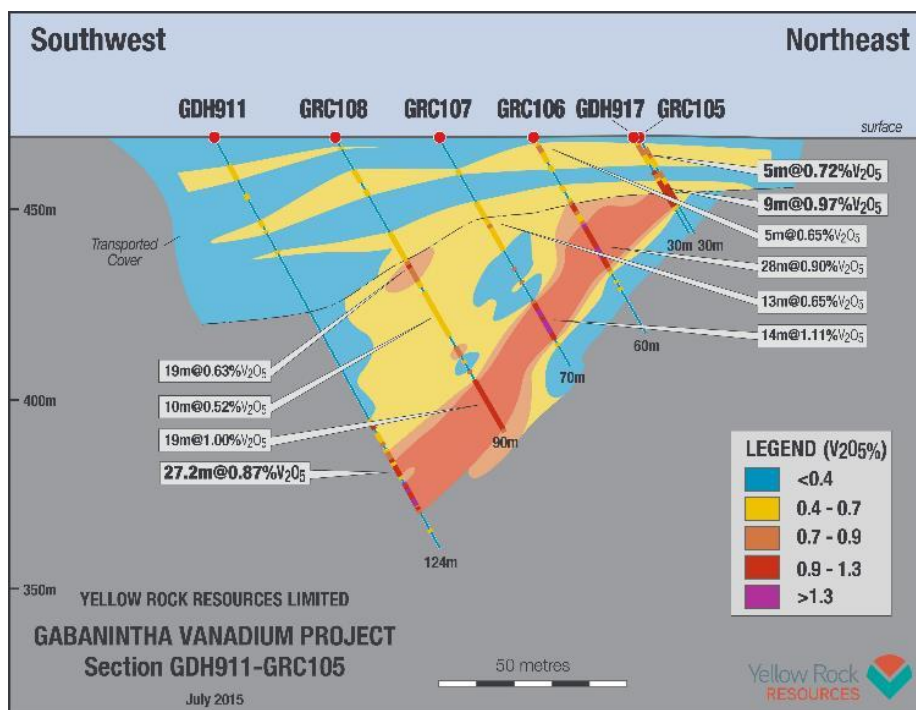


Figure 6 Cross Section GDH911 to GRC105

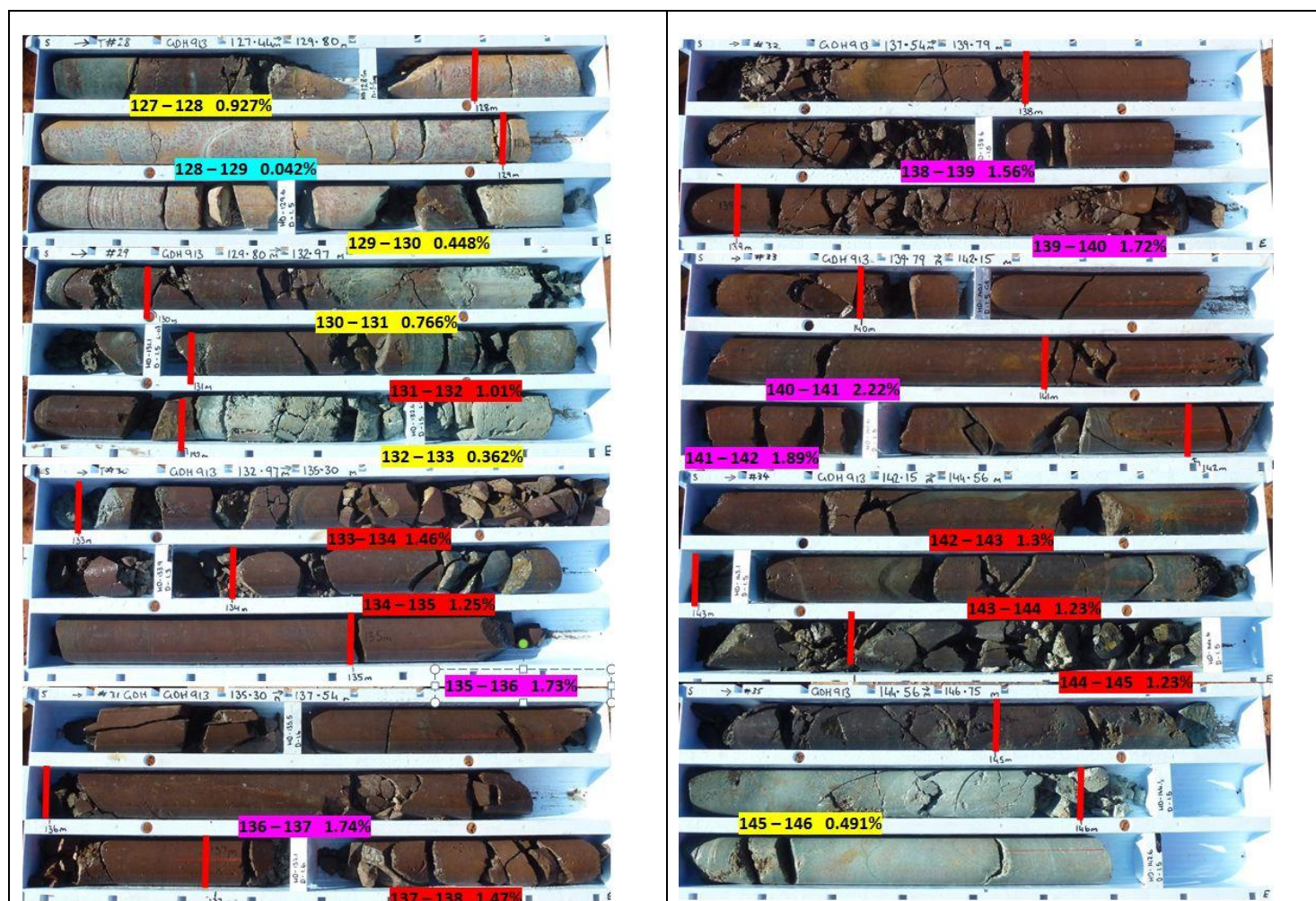


Figure 7 Core Photos of GDH913 from 127m to 146m. Interval labels show V₂O₅ % Assay grades. Red vertical markers indicate the start and end of an interval. Different colour labels represent different grade ranges. Each tray is 1m across. The images run down the core and from left to right. The bottom of the left hand image continues at the top of the right hand image.

Vanadium Market Developments

In June 2015, Yellow Rock expanded its contacts in the Vanadium Redox Battery (VRB) market by attending the annual International Flow Battery Forum Conference in the UK. The meeting was well attended attracting over 200 delegates and Yellow Rock was able to have constructive meetings with all the major players in the Vanadium Redox Battery space including battery makers and electrolyte producers. From the papers delivered at the conference, it is very clear that vanadium batteries dominate the commercial implementation of flow battery technology due to their unique characteristics and safety features. A dominant theme remains the rapid acceleration in the development of renewable energy projects on a global scale that is being accompanied by rapidly growing interest in the emergence of grid storage technologies. The uptake of VRB technology along with other grid storage technologies could have a significant effect on the vanadium (V_2O_5) market as the use of V_2O_5 electrolyte is a large component (50% of current cost) of the battery units.

The unique characteristics of VRB's, specifically their scalability, long lifespan cycles and the use of one battery element, make them a strong candidate to earn up to 30% of the growing energy storage market, which is expected to grow from a current 0.4GW to 40GW in just the next 7 years. Yellow Rock, as a potential vanadium producer, recognises the importance of the steel markets, but is also actively seeking to link the use of its products to the rise of this globally significant use vanadium battery technology.

In the steel market, vanadium supply problems continued to feature after major producer, Evraz Highveld Steel (South Africa), temporarily ceased steel production in July 2015. Highveld Steel produces a significant percentage of global vanadium for use in steel markets. This adds to the ongoing frozen Windimurra Mine production from Australia which remains in Administration.

In addition, the South African producer Vanchem stopped production to its global customers as at the 20th May 2015, due to the closing of the Mapochs Mine, its main supplier. Vanchem produce about 5,000t per year of vanadium products including ferro vanadium, vanadium pentoxide and vanadium chemicals.

September 2015 Quarter: activities underway focused on advancing Gabanintha towards feasibility.

With the results from all the 2015 RC and diamond drilling program now released, the Company will now rapidly move forward to advancing key project milestones in the coming months;

- The large diameter size diamond core is being used for geotechnical logging and rock strength measurements (used in the determination of ground conditions and pit stability estimates). This data is currently being analysed and will be utilised in the mining study.
- The core is also a source for representative samples and data for metallurgical beneficiation and comminution test work set to commence in August 2015.
- Geological and mineralisation domain assessment using the core and RC sample data in 3-D modeling packages is nearing completion and outcomes will be used to assist resource estimation consultants.
- A resource estimation consultant and mining consultant will be engaged during August 2015 to conduct an updated Mineral Resource Estimate and a subsequent mining study, which will include pit optimisation estimates.

On completion of the Mineral Resource Estimate and mining study, the Company will utilise the new results, combined with the metallurgical test results to commence and complete a Scoping Study report, based on the principles outlined in the previously released Concept Study (*ASX Announcement 15 September 2014*), which indicated the project's potential.

Metallurgical testing

Initial metallurgical testing and plant studies work has been awarded to Battery Limits Pty Ltd. The proposed work will commence in the current September Quarter with samples already selected from selected drillholes. Tests include crushing and grinding tests, analysis of recoveries from oxide, transition and fresh mineralised materials using gravity and magnetic separation techniques and confirmation of suitable process plant options. The metallurgical test program will provide key processing and recovery information which is essential to the development of an updated concept study and preliminary economic assessments.

Heritage Agreement and Ongoing Consultation

Following the signing of a Heritage Agreement with the Yamatji Marlpa Aboriginal Corporation representing the Yugunga Nya people, to cover the main Gabanintha lease during the April 2015 Quarter, a heritage survey was completed successfully at the project site. The Company wishes to thank the representatives of the Traditional Owner groups that attended the survey as well as Big Island Research Pty Ltd for its assistance in completing the survey.

During the September Quarter, Yellow Rock representatives will meet with representatives of the Traditional Owner groups to commence discussions relating to the development of the project.

Mining Lease Application

Yellow Rock has completed the requirements for the application for a Mining Lease to cover the Gabanintha Vanadium Deposit (see Figure 2). The application is supported by a Mineralisation Report and Supporting Statement which substantiate the reasons for mine development. MHR Surveyors have completed the marking out of the mining lease boundary to provide accurate location data to the Department of Mines & Petroleum. The supporting documents for the application (MLA 51/878 have been lodged with the department. The commencement of the Mining Lease application is a significant step forward for the Company as it begins in earnest to advance the project towards a detailed feasibility study over the coming year.

Environmental Survey

The Stage 1 Environment Survey and Desktop Study was completed by Biologic Environmental Pty Ltd, between December 2014 and March 2015. A zoologist and a botanist travelled to site and conducted the field work component of the study, recording fauna and flora sightings and establishing the nature of the ecological communities present on the leases. The results of this work, along with the formal report based on all field and desktop research, were reported during the June Quarter 2015.

As a result of the work completed and findings made, Yellow Rock has initiated planning to complete base line flora and fauna surveys during the September Quarter, coinciding with the spring season. The base line work will form an integral part of the Company's Environmental Impact Assessment (EIA) data, required for project approval.

Corporate

During the Quarter, CEO Vincent Algar commenced further active marketing activity of the company to support the active exploration and project feasibility activities. The following activities were undertaken as part of the marketing campaign;

- Retail and Institutional Investor presentations in Perth, Melbourne and Sydney and London
- Lunchtime Investor Presentations with Canary Events in Sydney and Melbourne
- Attendance at the Vanitec Annual Technical Meeting, Rustenburg, South Africa
- Attendance at International Flow Battery Forum, Glasgow, Scotland.
- Boardroom Radio Presentation on July 14, 2015.
- Press article in Business News on June 29, 2015

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Tenement Information as Required by Listing Rule 5.3.3 For the Quarter Ended 30 June 2015					
Project	Location	Tenements	Economic Interest	Notes	Change in Quarter %
Western Australia	Gabanintha	EL51/1534	100% Granted		0
		E51/1576	100% Granted		0
		EL51/843	100% Granted		0
		E51/1396	100% Granted		0
		P51/2634	100% Granted		0
		P51/2635	100% Granted		0
		P51/2636	100% Granted		0
		P51/2566	100% Granted		0
		P51/2567	100% Granted		0
		MLA51/878		100% On application	100
Western Australia	Nowthanna	MLA51/771		100% On application	0
Northern Territory					0
Arunta Region	Mt Denison	ELA25418		100% On application	
	Mt Nicker	ELA27503		100% On application	0
West Arnhem	Table Hill	ELA28158		100% On application	0
	Mann	ELA28159		100% On application	0

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.