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30 May 2012

Potential 500 to 800 million tonne magnetite target zone(* see note below) identified from geophysical data modelling of HELITEM survey at Gabanintha.

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

HIGHLIGHTS

- **Newly discovered geophysical target zone has the potential to identify between 500 and 800 million tonnes of magnetite at Gabanintha.**
- **Modelling of the Gabanintha HELITEM survey data by Fugro Airborne Services Pty Ltd shows potential to prove up a much larger ore body than the current JORC Inferred and Indicated Mineral Resource of 125.8 million tonnes at average 32.26% Fe, 8.64% TiO_2 and 0.70% V_2O_5 (# see table below).**
- **The Fugro model shows a strong continuation of the iron-titanium-vanadium deposit down dip to the west as well as parallel multiple iron-bearing formations in the hangingwall.**
- **The data indicates a much larger volume of magnetic ore extending to greater depths than previously thought.**
- **Grades are expected to fall into the range of the current JORC Mineral Resource of 23.12% to 43.14% Fe, 6.08% to 12.07% TiO_2 and 0.43% to 1.03% V_2O_5 (# see table below).**
- **Further drilling is required to prove up the Fugro model.**
- **Fugro has been engaged to carry out further 2D and 3D modelling based on the data from the HELITEM survey.**

*** NOTE:**

The potential quantity and grade is conceptual in nature. Insufficient exploration has been carried out to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource of the size and grade expected.

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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.

Preliminary data from the modelling of the HELITEM survey interpretation by Fugro geophysicists shows a much larger ore body of magnetite than that already identified by past drilling programs. Preliminary indications are that further drilling of the orebody could increase the JORC resource to between 500 million and 800 million tonnes of magnetite.

Figure 1 below shows modelled surfaces dipping west extrapolated from the magnetic susceptibility data. This indicates that there is a significant volume of magnetic material to the west and down dip from the surface trace of the identified Gabanintha orebody.

The typical magnetic model profile also demonstrates that multiple magnetic units are present in the hangingwall sequence.

CURRENT JORC RESOURCE

The current JORC resource estimate for Gabanintha is set out in the attached table by CSA Global:

Material	JORC Resource Class	Million tonnes	In Site Bulk Density	V_2O_5%	Fe%	TiO_2%	SIO_2%	AL_2O_3%	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
	Sub-total	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
	Sub-total	65.4	2.70	0.43	23.12	6.08	29.73	17.70	8.24
Total	**Indicated**	**57.0**	**2.97**	**0.59**	**28.10**	**7.59**	**24.76**	**15.51**	**7.54**
	Inferred	**68.8**	**3.51**	**0.79**	**35.70**	**9.50**	**18.40**	**11.15**	**4.43**
	Sub-total	**125.8**	**3.25**	**0.70**	**32.26**	**8.64**	**21.29**	**13.13**	**5.84**

Note - In-situ dry bulk density has been assigned based on V_2O_5 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 0.3% V_2O_5 for Low Grade (LG) and 0.7% V_2O_5 for High Grade (HG). Tonnages have been rounded to reflect that this is an estaimate.

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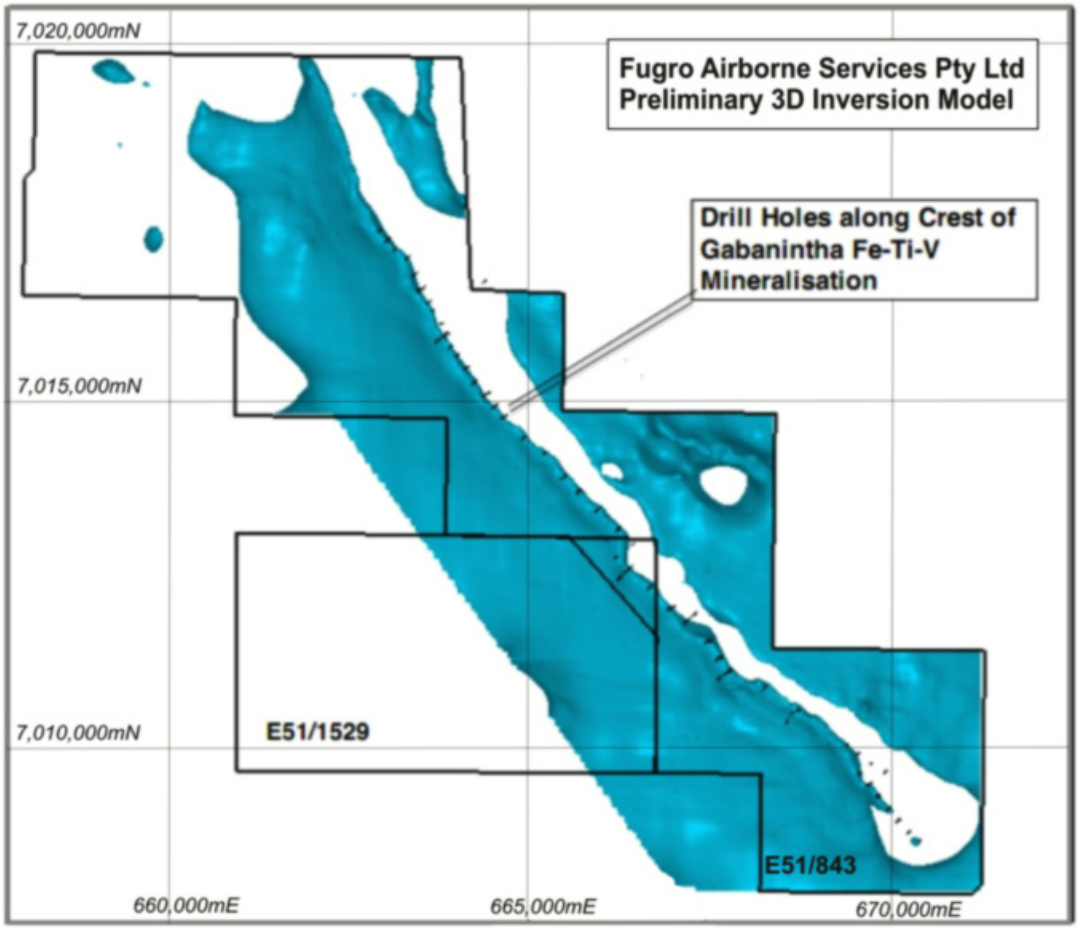

Figure 1 - Preliminary 3D Magnetic Susceptibility Inversion Model of Gabanintha mineralisation.

The Fugro model needs to be confirmed by a further drilling program.

Drilling to date has been carried out along the crest of the magnetic orebody with holes drilled towards the north-east. See drill hole locations on Figures 2 and 5. Deeper drilling collared further to the west is expected to identify a much larger volume of material.

The potential quantity and grade is conceptual in nature. Insufficient exploration has been carried out to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource of the size and grade expected.

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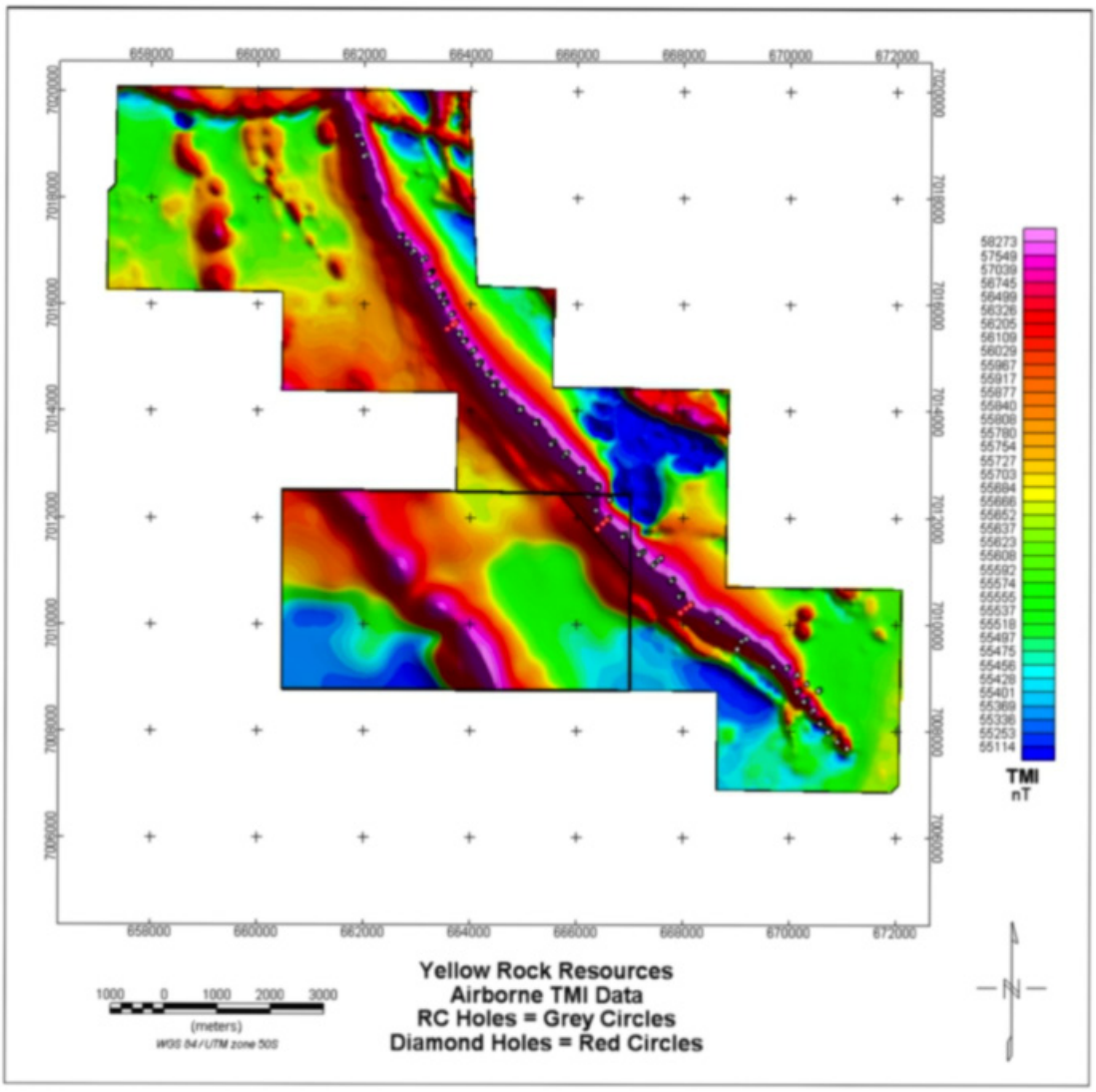

Figure 2 - Regional Total Magnetic Intensity (TMI) map of Gabanintha magnetic units showing drill hole locations.

Modelling by Fugro of the magnetic susceptibility data generated from the HELITEM survey has enabled the interpretation of magnetic iron units occurring to depths exceeding one kilometre below surface. Figure 3 shows a contoured model of the magnetic susceptibility isosurface and its location with respect to the YRR tenements.

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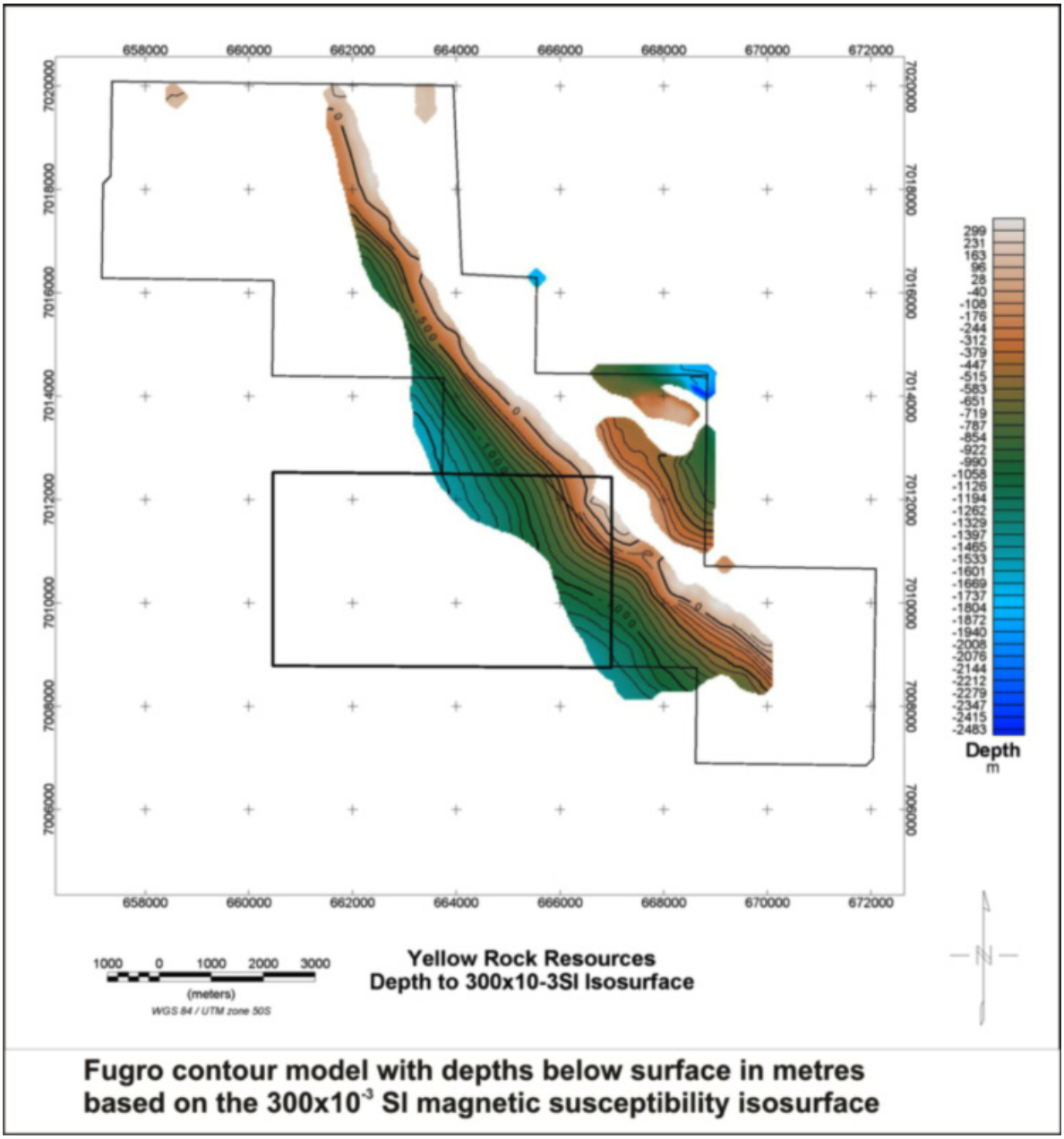

Figure 3 - Preliminary Fugro contour model of Gabanintha showing the main unit dipping west to depths exceeding 1 kilometre.

Various 3D views of the inverted model seen from the south, southwest and southeast origins provide target areas for follow up exploration drilling.

Figure 4 illustrates and confirms the continuity and extent of the modelled magnetic material from three different orientations.

Figure 5 illustrates the drill hole locations along the crest of the of the modelled magnetic material from the South looking North along the strike.

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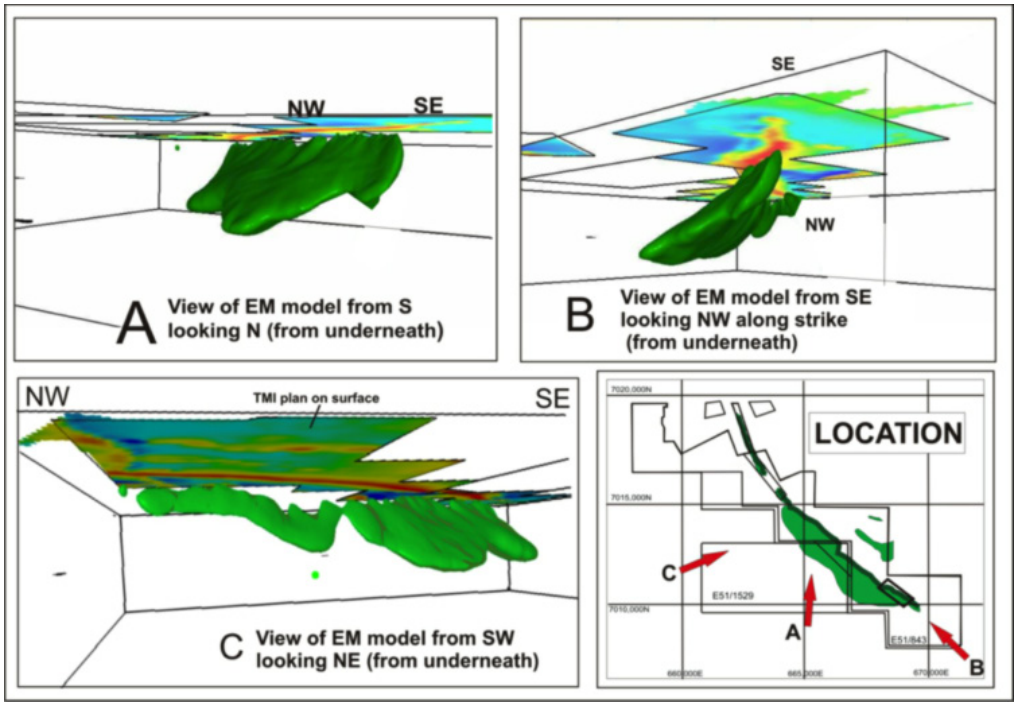

Figure 4 - Views of Fugro model at Gabanintha showing the main unit looking north at A, northwest at B and east-northeast at C.

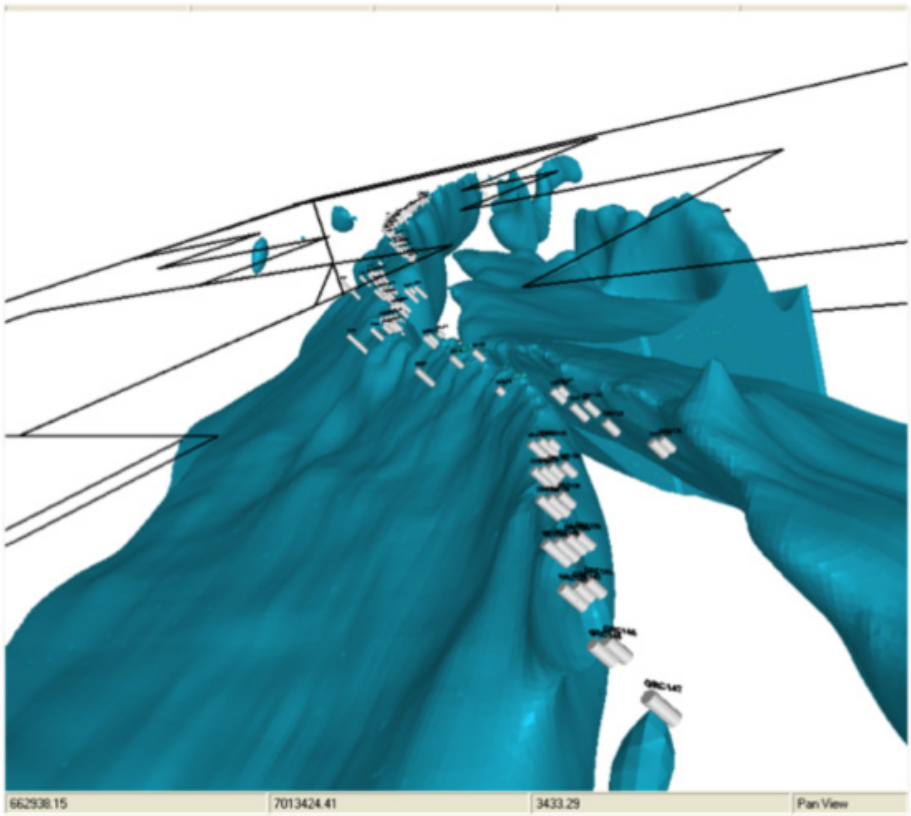

Figure 5 - Views of Fugro model at Gabanintha from South looking North showing drill hole locations.

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Fugro are continuing with 2D and 3D modelling and preparation of a detailed report.

Yours sincerely,

Leslie Ingraham
Executive Director

The information in this statement that relates to Exploration Targets, Exploration Estimates, 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".