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ACTIVITIES REPORT FOR THE QUARTERLY PERIOD ENDED ON 30 SEPTEMBER 2012

KEY HIGHLIGHTS FOR THE QUARTER

- **EM survey coverage is planned to be extended over E51/1529.**
- **Palaeo – Channels have been identified from modelling the EM survey.**
- **A new, extensive eastern EM target zone has been identified over Gabanintha tenements.**
- **Modelling indicates possible sulphide anomaly – known to be prospective for copper & gold mineralisation about 1 kilometre east of the Gabanintha deposit.**
- **YRR plans an Induced Polarization (IP) ground geophysical survey to further define drill targets within the new EM zone.**
- **The IP survey will be conducted by Fugro on 35 lines using over 750 survey stations. The proposed lines are oriented NE-SW and there are tie-lines in a NW-SE direction parallel to the regional strike.**

GABANINTHA HELITEM GEOPHYSICAL DATA MODELLING (ANNOUNCED 18 JULY 2012)

As a result of the helicopter-borne Time domaine 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 bodes 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 30 May 2012).

In addition to ore deposit modelling from the HELITEM survey Fugro geophysicists were able to model

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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.

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.

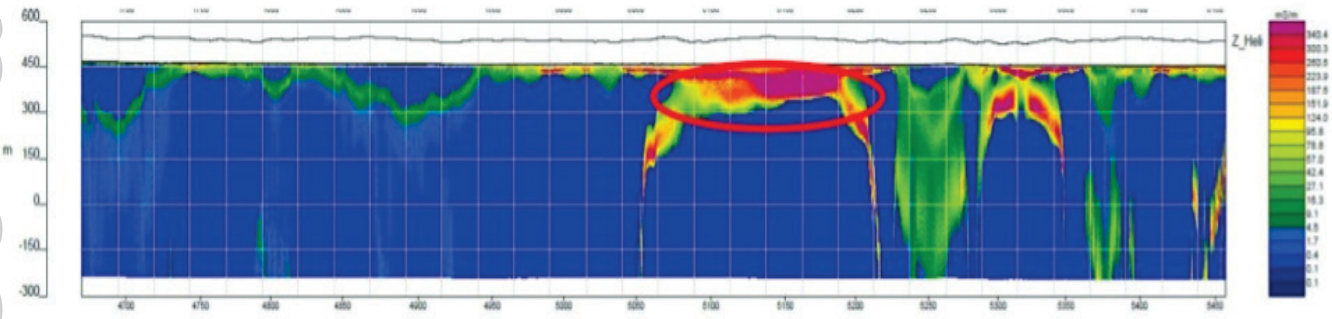

Figure 1 - Conductivity Depth Image (CDI) of a palaeochannel at Gabanintha in cross section.

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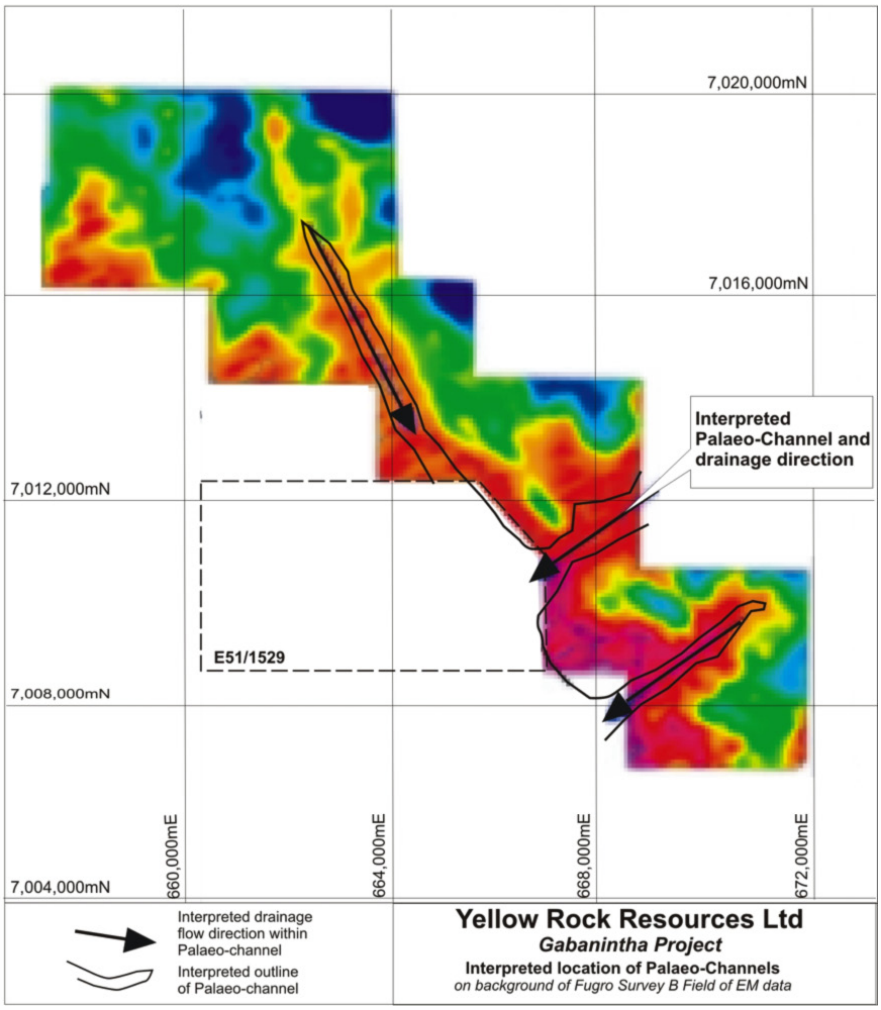

Figure 2 - Demonstrates the orientation and location of the interpreted channels as interpretated from the Fugro Electro-Magnetic (EM) B-Field data.

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.

CONDUCTIVE TARGET FOUND IN FUGRO HELITEM INTERPRETATION ENHANCES PROSPECTIVITY FOR SIGNIFICANT COPPER AND/OR GOLD DISCOVERY (ANNOUNCED 3 SEPTEMBER 2012)

Modelling of the helicopter-borne Time domaine Electromagnetic and Magnetic (HELITEM) survey at Gabanintha by Fugro geophysicists has let to the identification of a new EM zone parallel to, and about

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one kilometre northeast of the Gabanintha deposit.

It is believed that the EM target zone is extensive (along the length of the tenement) and variable in depth and dip, as well as intensity. Some of the modelling shows a northeast dipping zone, which may be spatially related to the ultramafic/basalt contact.

Futher modelling will be completed on this new feature and surface IP surveys are planned so that specific areas can be investigated by drilling. See Figure 3.

Previous 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 on 30 May 2012).

In addition to ore deposit modelling from the HELITEM survey, palaeo channels were identified. (See YRR announcement on 19 July 2012).

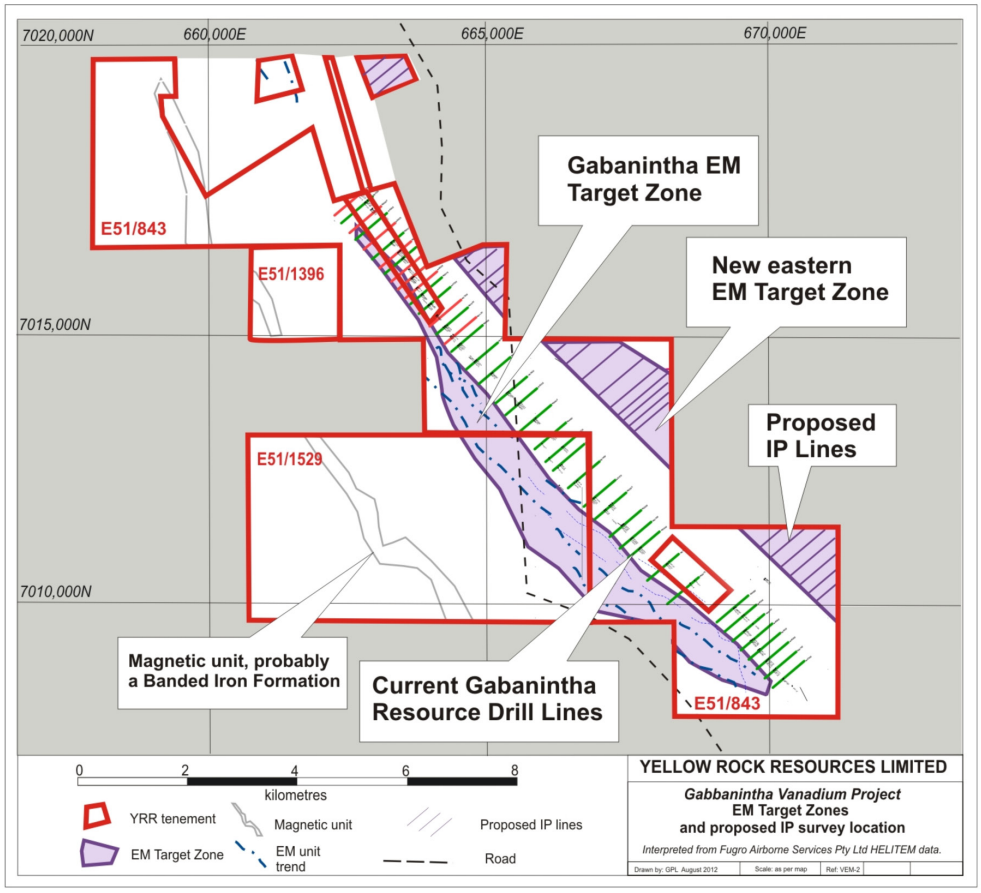

Figure 3 - Plan showing location of new eastern EM target zone magnetic units showing drill hole locations.

There are two distinct large conductors at Gabanintha, one in the southwest down-dip from the Gabanintha resource and a new conductor, the Heather conductor, to the northeast.

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The former has approximately 7.5 kilometres of strike and the latter about 5 kilometres. Both conductors plunge to the south and have variable dips. Whereas the main conductor has an average dip of 50 degrees or less to the southwest, the Heather conductor appears to vary from 30 degrees to 70 degrees dip northeast. As can be seen in the orthographic projection on Figure 4 and the schematic on Figure 5, the Heather conductor is separated from the main conductor by about one kilometre and is untested by drilling.

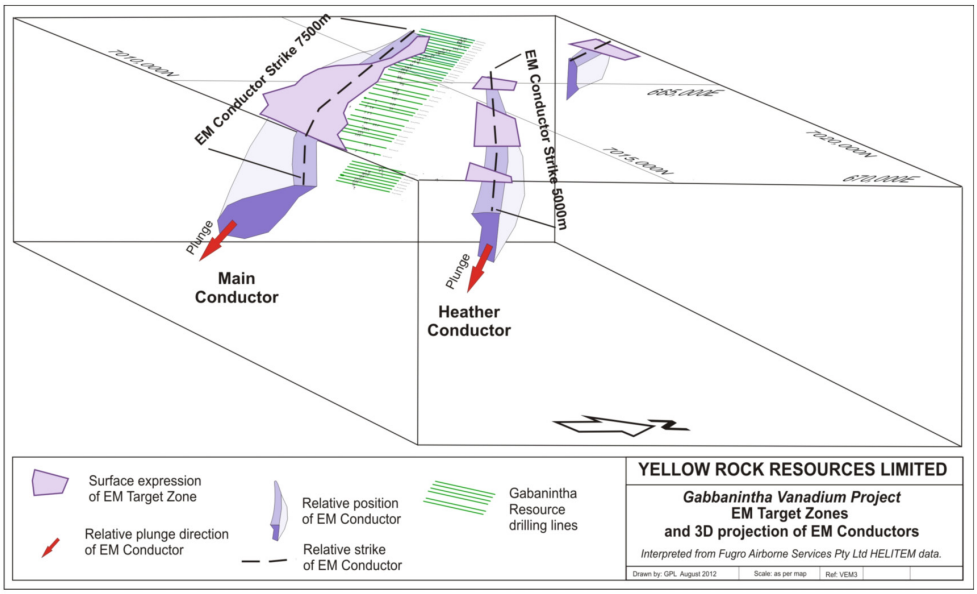

Figure 4 - 3D orthographic projection of conductor zones in relation to Gabanintha resource drilling.

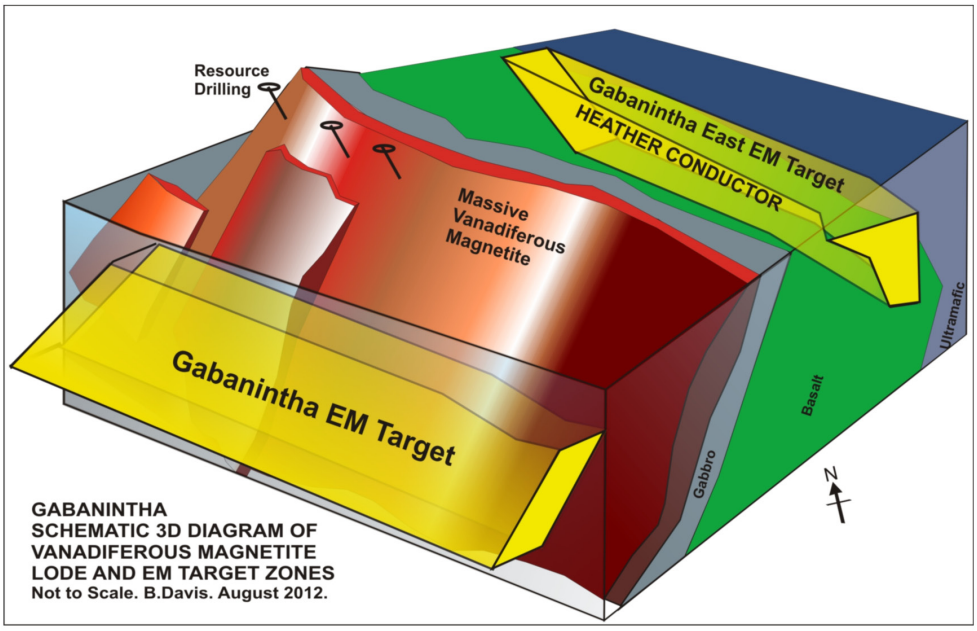

Figure 5 - Interpreted 3D schematic diagram of EM target zones at Gabanintha.

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YRR PLANS INDUCED POLARIZATION (IP) PROGRAM OVER NEW EM TARGET ZONE EAST OF GABANINTHA DEPOSIT

Modelling of the helicopter-borne Time domain Electromagnetic and Magnetic (HELITEM) survey at Gabanintha by Fugro geophysicists has let to the identification of a new EM zone parallel to, and about one kilometre east of, the Gabanintha FeTiV magnetive JORC deposit.

It is believed that the EM target zone is extensive (along the length of the tenement) and variable in depth and dip, as well as intensity. Some of the modelling shows a west dipping zone which may be spatially related to the ultramafic/basalt contact.

In order to complete further modelling on this new eastern EM feature surface IP surveys are planned. Approximately 35 IP survey lines in a NE orientation and four tie-lines parallel to strike and over 750 field measurement stations would be completed.

IP is recognised as a method by which drill targets can be better defined, prior drilling, with the potential to provide considerable saving in drilling costs.

Competent person's statement

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. In addition surface sampling assays and drill sample results may also be discussed in the context of information describing the presence of anomalous mineral content. The above information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Mineral Reserves. Hence the terms Resource (s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource

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".

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THE CURRENT JORC RESOURCE ESTIMATE FOR GABANINTHA IS SET OUT IN THE ATTACHED TABLE

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 estimate.

Syd Chesson
Chairman
26 October 2012