

# YELLOW ROCK RESOURCES LIMITED

ABN 90 116 221 740

## Quarterly Activities Report Quarter Ended 30 September 2007

---

### Apogie Pty Ltd Acquisition

During the quarter the Company acquired a 20% interest in Apogie Pty Ltd for an issue of 6,000,000 fully paid ordinary shares and 6,000,000 listed options.

Apogie Pty Ltd is a private uranium and gold exploration company which owns the West Arnhem Tenure (ELA 25638 – Gumadeer, ELA 25645 – Table Hill & ELA 26076 – Mann) and McKeddies (MCN 668-671). The tenements are located in the Northern Territory.

The Gumadeer, Table Hill and Mann tenements, known as the West Arnhem Tenure (**WAT**) are situated within the Alligator Rivers Uranium Field (**ARUF**) southeast of the large uranium deposits of Ranger, Jabiluka, Koongarra and Nabarlek. This region is located approximately 250 kilometres east of Darwin and has been responsible for the majority of the uranium oxide produced in Australia.

The main focus of exploration in the West Arnhem region is the discovery of unconformity-related uranium deposits. The ARUF deposits dominate West Arnhem and any areas that could have a similar geological structure are keenly sought after.

Within the last 12 months, there has been a great deal of interest in exploration and acquisition in West Arnhem, initially from the Cameco/Uranium Equities Joint Venture, and the 5351 km<sup>2</sup> tenements of Uranium Equities and more recently, the holdings of Territory Uranium Company Ltd.

Gumadeer (ELA 25638) and Table Hill (ELA 25645) were the original tenements of the WAT. They cover an area of 700 km<sup>2</sup>. Apogie Pty Ltd has recently acquired the tenement Mann (ELA 26076; area 250 km<sup>2</sup>) which is located just below the southern boundary of Table Hill and is the third tenement of the West Arnhem Tenure. This acquisition extends the total exploration area to 950 km<sup>2</sup>.

The ARUF region is approximately 30 kilometres east of the Nabarlek Uranium Mine. The worked out uranium mine of Nabarlek, which produced 12,000 tonnes of uranium oxide at the high average yield of 1.95% U<sub>3</sub>O<sub>8</sub> is close to the WAT. Geologists consider the Nabarlek area as a suitable exploration model for the WAT because of the similar geological setting and geographical proximity.

The value of the Company's 20% interest is also highlighted by the terms of the Joint Venture between Cameco (the world's largest uranium producer) and Uranium Equities Ltd (UEQ). To earn a 40% interest in two 'packages' of Cameco's exploration tenements located in the Alligator Rivers Uranium Field, UEQ will outlay \$10,400,000 in exploration expenditure over a five year period.

The April 2007 Report to ASX from the JV was extremely encouraging and announced anomalous uranium and gold results. Significant values for U<sub>3</sub>O<sub>8</sub> and gold were reported.

The Cameco/UEQ Joint Venture tenements, covering 1,269 km<sup>2</sup>, are sited just below and slightly west of the WAT and share one contiguous boundary.

The WAT lies within one of the world's major uranium provinces which to date has been explored with great success. Large prospective proportions of this area remain untested by modern exploration techniques.

Alluvial gold was first discovered at McKeddies Prospect in 1900 and over the next five years a considerable quantity of gold was extracted as nuggets or in high-yield ore dug from shallow pits.

For personal use only

A lack of permanent water on the site prevented further exploration until 1993 when MRC built dams and a reservoir on site to prepare for a planned drilling program to test promising surface results. However, the low price of gold made mining of the tenements at depth uneconomical.

GBS Gold has revitalized the gold industry in the Northern Territory recently by re-opening more than a dozen old mines in an area south of McKeddies. Drill testing the area to depths of more than 400 metres, they have announced an overall resource estimate of more than 3,400,000 ounces of gold. To process this resource their recently commissioned dual-mill gold processing plant is now operating at a capacity of 2.5 million tonnes of ore per year.

A comprehensive drilling program is required to prove up the resources at McKeddies suggested by earlier exploration.

### **Cabe Resources Acquisition**

During the quarter the Company advised the market that it intends to make an off market takeover bid pursuant to the *Corporations Act* for all the shares [and options] in Cabe Resources Ltd.

Cabe Resources Limited holds a number of exploration licence applications in the Arunta region of the Northern Territory which are considered to be prospective for uranium. Cabe Resources Limited also has interest in an exploration licence application in the Yanre region in Western Australia and has entered into an agreement to acquire two exploration licences in the Lake Maitland region of Western Australia.

The bid has been made to all shareholders and option holders of Cabe Resources Limited on the basis of one Yellow Rock Resources Ltd fully paid ordinary share for each Cabe Resources Limited share and one Yellow Rock Resources Limited listed option (expiring 30 November 2009) for each Cabe Resources Limited option on issue.

The bid is subject to Yellow Rock Resources Limited shareholder approval (meeting to be held 28 November 2007), Yellow Rock Resources Limited acquiring a relevant interest in at least 90% of all the shares and options in Cabe Resources Limited entitling it to proceed to compulsory acquisition, approval being granted by ASX for the quotation of the new shares and options to be issued and standard prescribed occurrence events. In the event the takeover bid is successful Yellow Rock Resources Limited will issue 85,000,000 shares and 85,000,000 options.

The Yellow Rock Resources Limited bidder's statement was mailed to all Cabe Resources Limited shareholders on 9<sup>th</sup> October 2007. The Company announced on 26 October 2007 that acceptances had been received for more than 90%, thereby satisfying the minimum acceptance condition.

### **Gabanintha Vanadium/Titanium Project**

The Gabanintha Vanadium/Titanium Project is located 43 kilometres south east of Meekatharra, Western Australia.

Prior to this quarter the resource estimates for this project have been based on a strike length of 8 km and a depth of 50 metres for a total indicated resource of 37,659,000 tonnes at 0.75% V<sub>2</sub>O<sub>5</sub> and 8.80% TiO<sub>2</sub>. This was estimated in 2001 based on RCP and HQT, PQT diamond drill holes on traverses spaced at 400 metres over 8 km of strike length. This indicated resource is comprised of 20,638,000 tonnes of oxide resources at 0.49% V<sub>2</sub>O<sub>5</sub>, 6.62% TiO<sub>2</sub>. (COG 0.4% V<sub>2</sub>O<sub>5</sub>, SG 3.5) and 17,021,000 tonnes of primary resources (partially oxidized) at 1.05% V<sub>2</sub>O<sub>5</sub>, 12.25% TiO<sub>2</sub>. (COG 0.8% V<sub>2</sub>O<sub>5</sub> and SG 4.5).

Interpretation of the aeromagnetic data shows that the mineralised anorthosite extends for a further combined 4.2 km of strike length in areas not previously tested by drilling where the depth of cover and width of the magnetic anomaly are similar to the areas already drill tested.

For personal use only

The vanadium mineralization was classified as an "Indicated Mineral Resource" as the nature, quality, amount and distribution of the data are such as to allow confident interpretation of the geological framework and to assume continuity of the mineralization.

*(The Information in this report that relates to Exploration Results is based on information compiled by Dr Bryan Smith, who is a Member of the Australian Institute of Mining and Metallurgy. Dr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Bryan Smith consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.)*

During the quarter the company completed a reverse circulation drill programme designed so that an indicated resource can be estimated for the total 12.2 km of the prospective strike length contained within the tenement area, and to a depth of greater than 100 metres.

Yellow Rock Resources completed a 42 hole 3876 m RC program in July 2007 and has received the final assays to 1264 samples during the quarter. This data together with previous exploration has allowed a block model to be generated. This was done for both resource calculation and guidance for future exploration in the area.

Schwann Consulting has completed an initial resource model using all geological and assay data available as at the 3<sup>rd</sup> of October 2007 and prepared a mineral resource estimate. The resource estimate was classified in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC Code 2004).

The Magnetite - Vanadiferous Ilmenite deposit within the Company's Gabanintha Project has a strike length of 12 km of which only 9.5km is tested (See attached plan) with a drilled vertical depth from surface down to 105m. The RC drilling was done in three stages by three different companies, and the last two comprise 80% of the drilling used. Based on these criteria Schwann Consulting estimated the deposit contains an

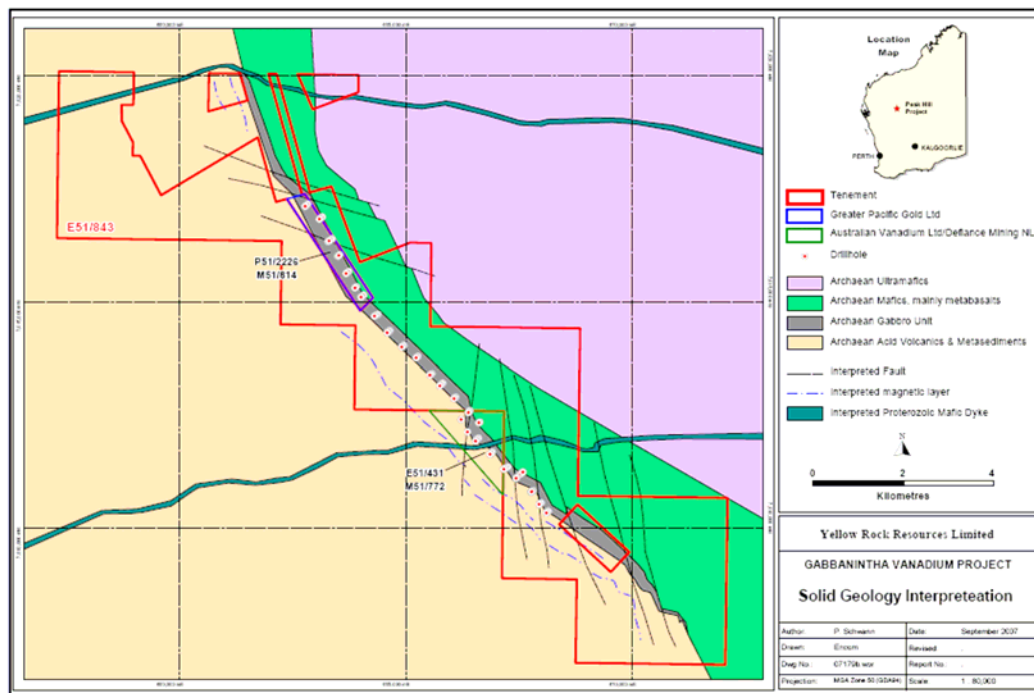
**Indicated Resource of 92.5Mt grading 0.81% V<sub>2</sub>O<sub>5</sub> and 9.81% TiO<sub>2</sub> with 51.2% Fe<sub>2</sub>O<sub>3</sub>.**

No down dip or along strike Inferred Resources were calculated as they will be investigated in the next phase of drilling. (See Addendum).

The initial block model defines a robust high grade deposit averaging 18m true thickness and with a strike length of 9.5 km. This world class orebody is basically a gently curved thick layer dipping at 40° to 60° SW and striking NW SE. There is also a largely untested detrital bed to the SW of the main ore zone over a wide area where the orebody does not outcrop.

Resource modelling has defined some areas which will be infill drilled to increase both tonnes and resource classification so that an Ore Reserve can be accurately defined for a feasibility study in the near future. This will involve drilling to the south as well as down dip and to produce variography determinations. The resource can be increased by an order of magnitude with this program which is scheduled for the end of the year. Also planned is the reappraisal of the leases using a worming technique on the Company low level aeromagnetics to look for buried primary and detrital deposits.

For personal use only



Plan showing drillholes and geology of the Gabbanintha Vanadium Project

Notes. Estimation Method Inverse Distance Squared Weighted Block Model. (IDW2)

- A cut off grade of 0.4%  $V_2O_5$  assay grade used for Wire Framing.
- Geology was used directly but the ore zone is strataform.
- Extrapolation limited to 30m (average hole spacing) up or down dip.
- Search ellipse oriented to 310 dipping 40 to 220.
- Search distances 200m strike dir, 100m dip dir, 66m across dip dir.
- Flat alluvial and dipping primary treated the same.
- Sample intervals assessed to derive 5m composite lengths. This was due to the original 6 holes being composited.
- Block model oriented to 318degrees. Blocks 100m x 30m x 5m (sub-celled to 100m, 7.5, 2.5)
- No top cut used
- ISBD assigned according to V205 block model grade and based on diamond core testwork.  $V_2O_5 < 0.5$  (2.5t/m<sup>3</sup>), 0.5-0.7 (3.5t/m<sup>3</sup>), >0.7 (4.2t/m<sup>3</sup>).

The information in this statement of Mineral Resources is based on information compiled by Peter Schwann who is a Fellow of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology) and has sufficient relevant experience to qualify as a Competent Person as defined in the JORC Code (2004). Peter Schwann consents to the inclusion of this information in the form and context in which it appears.

## “ADDENDUM TO MINERAL RESOURCES STATEMENT”

### Follow Up Drilling at the Gabbanintha Vanadium Deposit

The solid wire framed model of the Gabbanintha Vanadium Deposit has shown up areas where infill drilling will dramatically extend the orebody and in doing so increase the tonnage and upgrade the JORC classification.

#### *Southern Extension*

This could have been put into “indicated” resources as it is shown on the magnetics and the outcrop mapping. This area is some 2 km long and would require some 8 lines at 300m per line for **2400m** RC.

For personal use only

### *Western Extension*

This is basically a down dip investigation for indicated-inferred resources only and hence will be drilled on every third line. This will require 9 lines at 180m per line to intersect the ore zone in the 150m depth range. This will require some **1600m** of RC using a big drill rig.

### *Variography*

A close spaced line of some 5 holes at 50m spacing will be required between two sections of the ore body. This will equate to some **1000m** of RC in -60° holes to intersect the orebody at 80m depth.

### *Detritals*

In previous programs there were two ore types noted, Primary and Supergene. This meant insitu or detritals, which is confusing as primary means fresh or unoxidised. As we will be proving up large tonnes of magnetite versus martite (hematite) in the primary zone, the nomenclature will be changed to accommodate this.

When the Magnetics are processed to get an outline of the detritals some shallow vertical holes will be done to ascertain the areal extent of these lower grade but easily mined zones. This material will probably only need washing and screening to give a lump product. This will possibly require 30 by 50m holes for some **1500m** of RC.

The Diamond drill holes will be done at HQ3 (63mm) core size to get accurate confirmation of the previous core ISBD data. This will require some 6 holes with core in the detrital, oxidised massive and primary massive ores. An estimated 60m precollar average with a tail of 50m of core will require **360m** RC and **300m** core.

The total to be drilled is **6860m RC and 300m diamond** core. Past rates indicate this will take 35 days at just short of 200m/day, with 15 days of diamond in hard magnetite, and a total cost of \$800,000 including assays.

### **Money Shoal Uranium Project – EL 24883**

EL 24883 comprises 335 blocks of approximately 1,123 km<sup>2</sup> in area situated 100 kilometres east of Darwin within the early Cainozoic Money Shoal Sedimentary Basin near the Mary River catchment area of the Northern Territory Geological Survey (NTGS). Data freely available from the NTGS illustrates the clear potential for discovery of Uranium and other minerals (such as Base Metals and Gold) on the licence area.

### **Five Uranium Anomalies Now Confirmed at Money Shoal Project, NT**

During the quarter the Company located a total of five significant uranium anomalies on its Money Shoal tenement in the Northern Territory.

All the uranium anomalies are located on the eastern part of the Money Shoal tenement and are distributed along a combined strike length of approximately 10 kilometres in a NNE trend. There are two distinct zones of high-response (between 3 and 10 times background value) radiometric material aligned along this trend.

The areas of interest are located within the lateritised inliers of the Proterozoic Mt Partridge Group sandstones and mafic intrusive sequence.

During the May-June fieldwork campaign at the Money Shoal Project the following uranium anomalies were identified and confirmed:

- Jimmy Creek (400m long) – anomalies to 400 cps (40cps background)
- Line 145 (1600m long) – anomalies to 160 cps (20 cps background)
- Jimmy Creek North (1200m long) – anomalies to 90 cps (20 cps background)
- PS2 Area (750m long) – anomalies to 200 cps (20 cps background)
- PS24 Area (500m long) – anomalies to 70 cps (20 cps background)

The instruments used for ground surveys were Scintrex and Geogamma portable scintillometers. Surveys were conducted along lines at sample intervals of 10 or 20 metres. The areas tested were checked and calibrated at the start and end of each line. Also, comparison readings were made between the two scintillometer models over the same lines

with repeat readings. A very close degree of correlation between Scintrex and Geogamma readings showed that the measurements against background levels were comparable and that the uranium anomalies were validated in all cases.

The purpose of this information is to identify potential drill targets for the next phase of exploration, which will be an investigation of the geological structures that are host to these anomalous readings.

The Company Geologist, Mr Brian Davis has now completed the field map, which directs the drilling team to the location of the 169 RAB vertical holes to be drilled at the Jimmy's Creek anomalies area in the south west of the Money Shoal Basin (E 24883) in the Northern Territory. It is anticipated that this drill program will commence after the wet season.

### **Douglas Range Uranium Project – EL 25339**

The Douglas Range tenement is situated 67km south-east of Rum Jungle among the upper reaches of the McKinley & Mary Rivers within the Pine Creek Mineral Field. It is situated on the Eastern side of the paleo-proteozoic sediments, volcanic and their associated rocks are well known hosts for uranium mineralisation.

During the quarter, Australian Uranium Ltd (AUL), a controlled entity of YRR has located at least two significant uranium anomalies on its Douglas Range tenement (E25339) in the Northern Territory.

This area has a lack of publicly-reported history of uranium mineralization and the Northern Territory Geological Survey (NTGS) sample and drilling database contains only minor reference to uranium occurrences in soils (BMR 1980's data).

The uranium anomalies are located on the northern and central parts of the Douglas Range tenement (E25339) and are distributed across two transect lines. The northern reconnaissance traverse (West McKinley area) is approximately 0.6 kilometres in length and the central traverse (Central area) is 14 kilometres long. Both traverses show strong zones of high uranium response (between 3 and 10 times background value) from radiometric material confirmed from 80-metre spaced scintillometer readings.

The area of interest at West McKinley is located within the drainage basin of the McKinley River and probably represents palaeochannel deposits under recent alluvium or sheetwash. The Central anomaly is spread over a wide area and spans several geological environments including Proterozoic basement metasediments and Palaeozoic platform cover sediments.

After finalising the assessments of radiometric and magnetic surveys a ground field team was put into a selected area.

During the July fieldwork campaign at Douglas Range Project the following uranium anomalies were identified from confirmed and test-calibrated scintillometer readings:

- McKinley (600m long) – anomalies to 210 cps (65 cps background)
- Central (14,000m long) – anomalies to 220 cps (50 cps background)

The instruments used for ground surveys were Scintrex and Geogamma portable scintillometers. Surveys were conducted along lines at sample intervals of 80 metres. The areas tested were checked and calibrated at the start and end of each line. Also comparison readings were made between the two scintillometer models over the same lines with repeat readings. A very close degree of correlation between Scintrex and Geogamma readings showed that the measurements against background levels were comparable and that the uranium anomalies were validated in both cases.

YRR is planning further ground radiometric surveys on a grid pattern so that the full extent of the two anomalous zones can be evaluated. This will be accompanied by a geological, geophysical and geochemical investigation of the structures that are host to these anomalous readings. This will assist YRR to identify potential drill targets for the next phase of exploration.

For personal use only

## Interest in Mining Tenements

### Western Australia

#### *Gabarintha – Uranium & Vanadium Projects*

EL 51/431	80%
EL 51/843	100%
MLA 51/772	80%
MLA 51/814	100%
PL 51/2226	100%

#### *Nowthanna – Uranium Project*

MLA/51/771	80%
------------	-----

### Northern Territory

#### *Money Shoal – Uranium Project*

EL 24883
----------

#### *Douglas Range – Uranium Project*

EL 25339
----------

For personal use only