FIRST ANNUAL REPORT FOR EL 25578

WARREGO WEST

PERIOD ENDED 10/07/2008

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Contents

SUMMARY

EL25578 is located 50km north west of Tennant Creek and 5km NW of the Warrego Gold Mine on Warrego Road. Approximately 900 line km of airborne geophysics were flown over the tenement in early 2008 at 100m line spacing. Four rock chip samples were taken during field reconnaissance of radiometric anomalies with a best result of 51.9 ppm U and 319 ppm Zn.

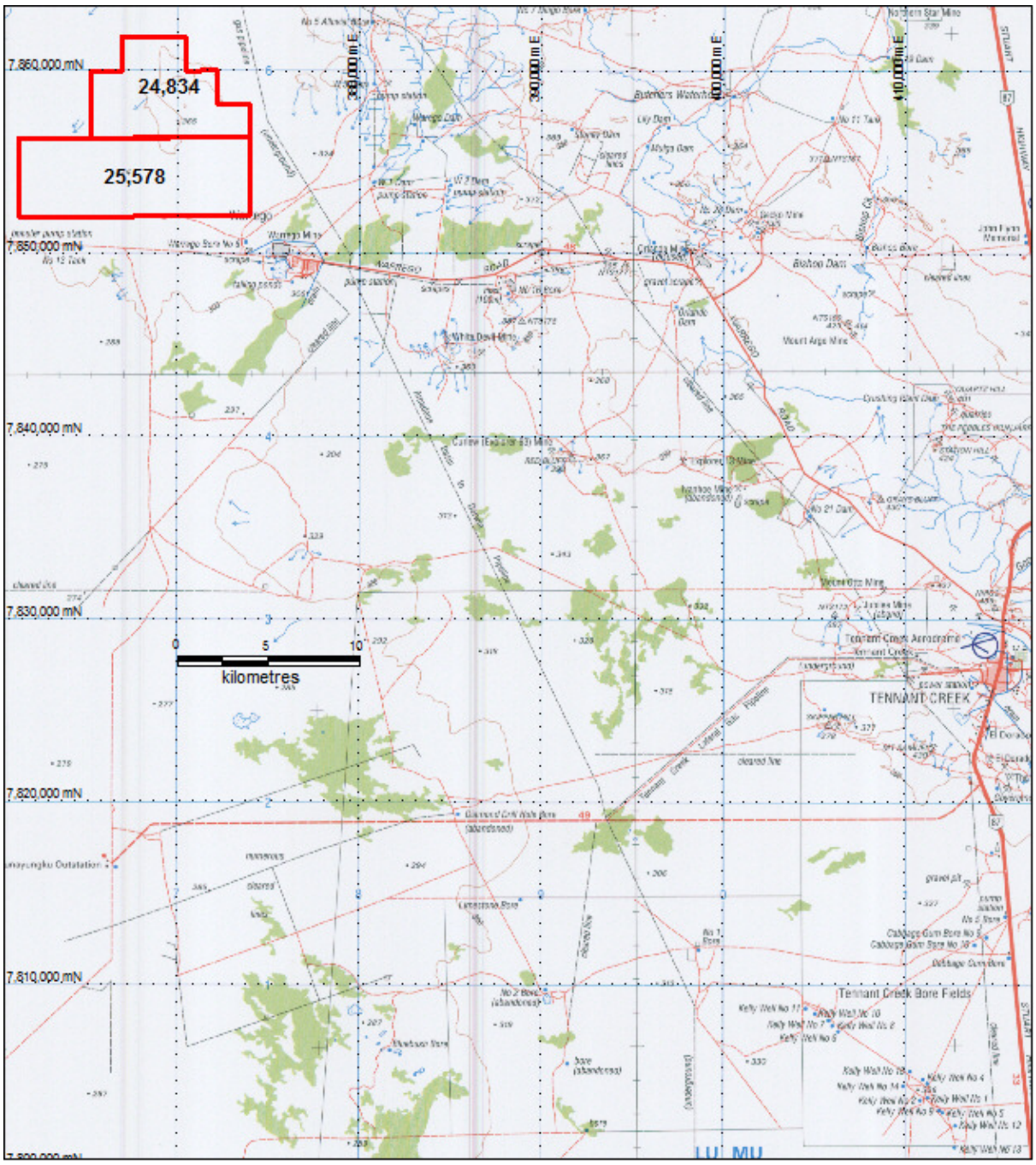

Figure 1. Location Map

INTRODUCTION

EL 25578 was granted to Wannyi Garawa Mining Pty Ltd on July 11 2007. In April 2 2007, Rum Jungle Uranium Ltd purchased all issued capital in Wannyi Garawa Mining, thus taking over the tenement. It is located 50km north west of Tennant Creek on the Short Range 1:100 000 map sheet and the Tennant Creek 1:250 000 map sheet to the immediate north west of the Warrego Gold Mine. The tenement was pegged to explore for IOCGU mineralisation, vein type and unconformity type uranium mineralisation. The tenement is underlain by the "hot" Warrego Granite.

EL25575 is part of Rum Jungle's Tenant Creek Project which consists of six granted tenements and four smaller EL applications.

During the first year of tenure, a 900line km airborne geophysical survey was flown and four rock chip samples were collected.

GEOLOGICAL SETTING

EL2578 is located on the western fringe of the Proterozoic Warramunga Province where it is unconformably overlain by Cambrian sediments of the younger Wiso Basin. To the north of the tenement, the Flynn Sub Group overlies the older deformed Warramunga Formation which hosts the Tennant Creek goldfield. The younger Warrego Granite intrudes the Flynn Sub Group and the Warramunga Formation and outcrops rarely throughout the tenement being mostly concealed by recent sand, soil and gravel.

The western part of the tenement is comprised of the much younger Cambrian Montejinni Limestone which consists of limestone, dolostone and dolomitic mudstone. Outcrop on the tenement is limited with a large proportion of the tenement overlain by recent sand and soil.

The Mary Lane Shear Zone strikes northwest running from near the Tennant Creek town, through Warrego before turning north into EL 25578. A ground gravity survey will target this shear zone under cover in the second year of tenure to try and find hematite bodies extending west from Warrego along the mineralised shear zone.

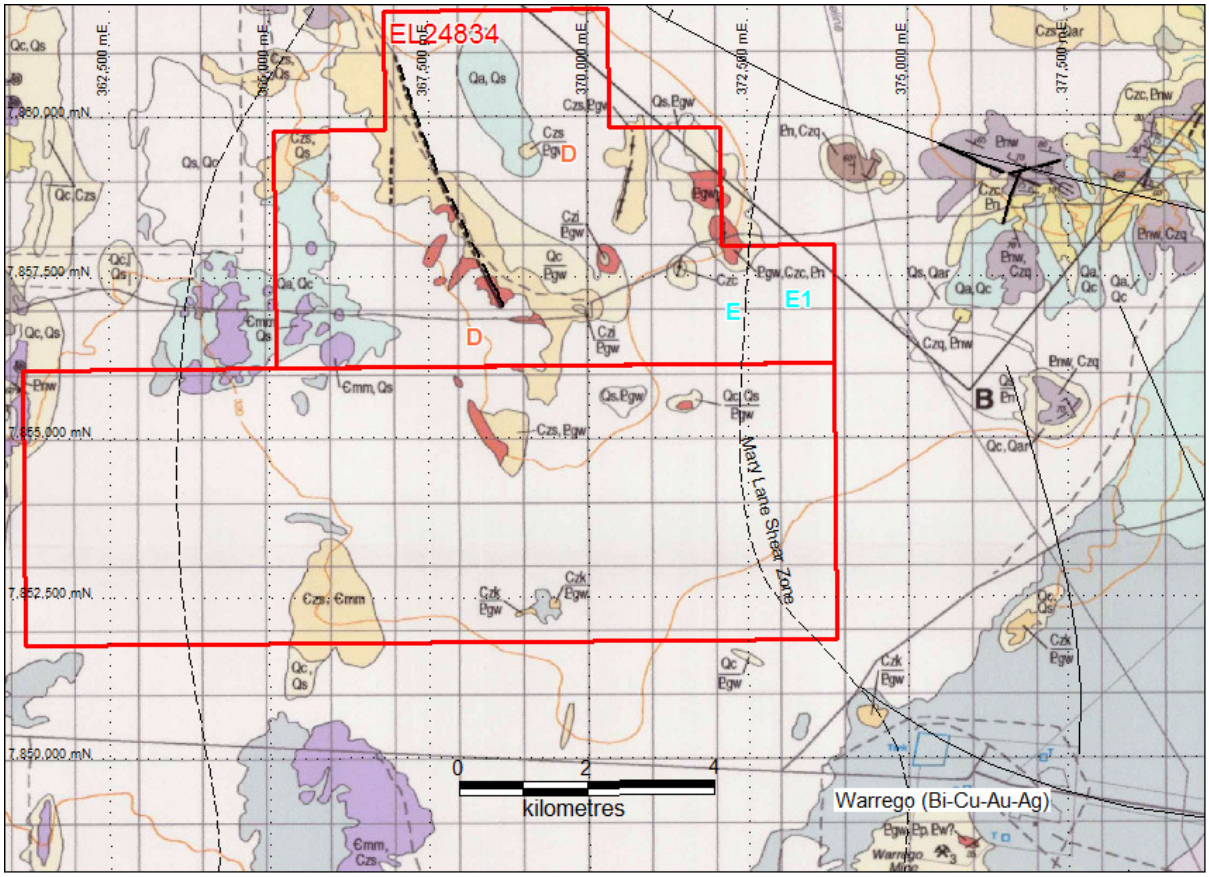

Figure 2. Local Geology

PREVIOUS EXPLORATION

The area has historically been explored for Tennant Creek style IOCG mineralisation with limited ground work conducted by Uranium West during the first year of tenure. The nearby Warrego Mine was first identified as an airborne magnetic anomaly flown by the BMR in 1956. The first lode intersection was made in 1962 and production commenced in 1973 (Wedekind and Love 1990).

The Warrego Mine produced 41 tonnes of gold, 91 500 tonnes of copper and 12 000 tonnes of bismuth from 4.75 million tonnes of ore before underground mining ceased in 1989 (Ahmad et al, 1999).

CURRENT EXPLORATION

Exploration during the first year of tenure was limited to an airborne geophysical survey flown at 100m line spacing by UTS Geophysics. The airborne survey was approximately 900 line km in total as part of a larger 5800 line km survey flown over the Tennant Creek project area in early 2008.

A rock chip sampling program over the tenement in May 2008 was conducted as part of a larger helicopter supported program over six of Rum Jungle's tenements in the Tennant Creek area. Four samples were taken on the tenement with a best result from sample TC08103 of 51.9ppm U, 319 ppm Zn and 52.9% Fe. The uranium result was questioned as all other samples from the program were below 8ppm uranium and scintillometer counts did not indicate anomalous uranium. The sample was re-assayed and the result was confirmed. Follow up sampling of the area will occur in August when staff are in the area for a drilling program on other tenements to see if the area is anomalous or if the sample result was due to contamination or other reasons.

Table 1. Rock chip sample results

Sample	Easting	Northing	Description	MAX CPS	Date Sampled
TC08020	370876	7855740	Silcrete, silicified sandstone gravel outcrop over granite		22/05/2008
TC08101	372680	7852181	Granitic termite mount, flat alluvial plain, about 1.2 km north of Warrego mine.	150	22/05/2008
TC08102	365878	7852417	Ferrugenous laterite, associated with sandstones (Flynn?) fairly flat fluvial plain.	140	22/05/2008
TC08103	365548	7855280	Ferruginous sandstone with chert nodules, minor sericite alteration, fairly flat alluvial plain	330	22/05/2008

Sample	Au	Cu	Fe	Pb	Th	U	Zn
	ppb	ppm	ppm	ppm	ppm	ppm	ppm
	FA25_MS	G400M	G400I	G400M	G400M	G400M	G400M
TC08020	<1	9.8	17100	13.6	10.3	1.84	8.5
TC08101	1	15.2	23900	11.6	8.78	2.96	13.5
TC08102	1	15.8	101000	21.8	9.13	2.72	26.5
TC08103	1	61	593000	31.8	23.6	51.9	319

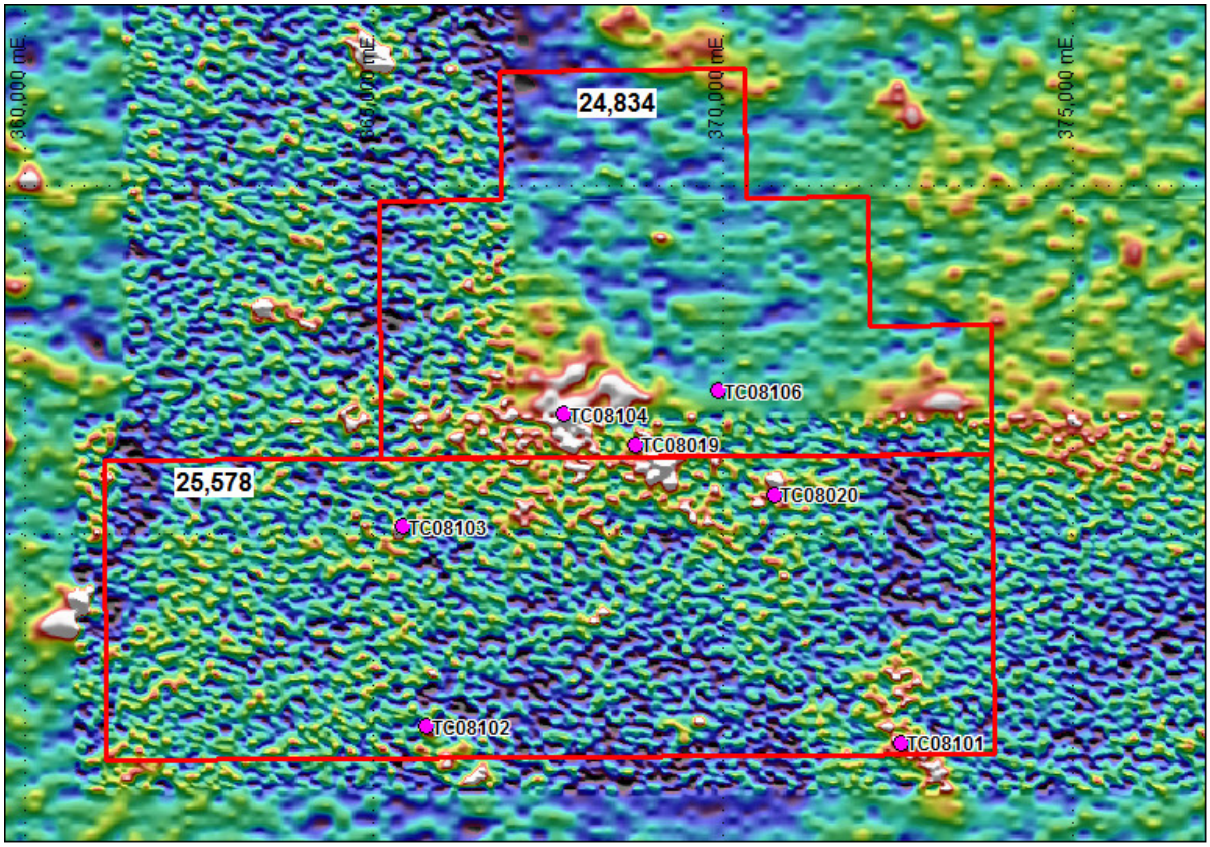

Figure 3. Radiometric Image with rock chip sample locations

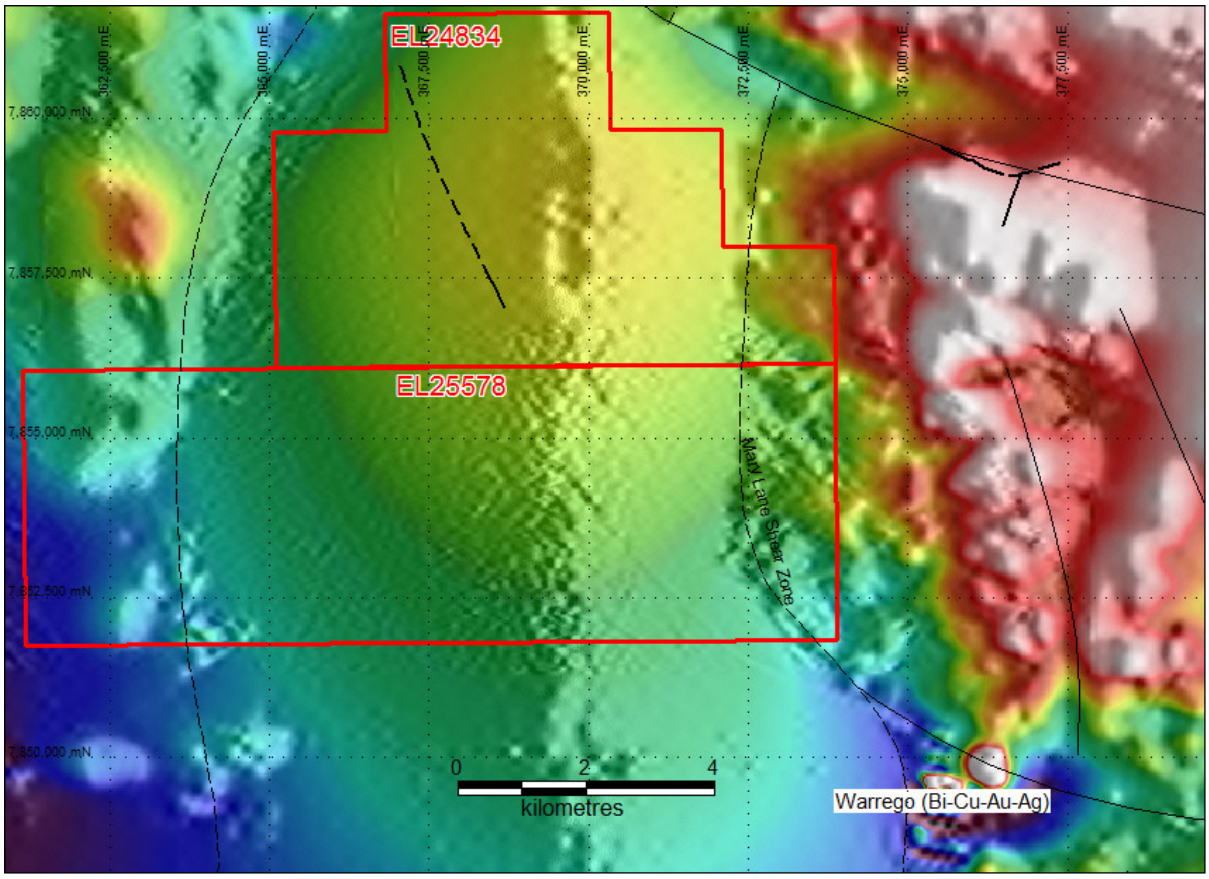

Figure 4. Magnetic Image of EL 25578

PROPOSED EXPLORATION ACTIVITY YEAR 2

During the second year of tenure, exploration activities will consist of the following:

- Follow up soil and rock chip sampling
- Possible RAB drilling program
- Ground gravity survey to look for western extension to Warrego mineralisation

PROPOSED EXPENDITURE YEAR 2

Ground gravity survey	$15000
Two day sampling program	$4000
Accomodation	$2000
Vehicles	$3000
Report writing	$2000
Assaying	$1000
Total Expenditure	$27 000

CONCLUSION

An anomalous rock chip sample result will require follow up sampling in the second year of tenure. The tenement is prospective due to its close proximity to the Warrego Mine, Tennant Creek's largest historic gold copper mine. The Mary Lane shear zone looks like the best target area and will be subject to a ground gravity survey in the second year of tenure.

REFERENCES

Ahmad M, Wygralak AS and Ferenczi PA, 1999. Gold deposits of the Northern Territory. Report 11. Northern Territory Geological Survey Report.

Wedekind MR and Love RJ, 1990. Warrego gold-copper –bismuth deposit. In Hughes (editor) *Geology of the mineral deposits of Australia and Papua New Guinea*. The Australasian Institute of Mining and Metallurgy, Melbourne. Monograph 14, 839-843.