FIRST ANNUAL REPORT FOR EL 25874

SHORT RANGE WEST

PERIOD ENDED 17/09/2008

RUM JUNGLE URANIUM LTD

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Contents

SUMMARY

EL25874 is located 50km north west of Tennant Creek on the western flank of the Short Range. One rock chip sample was collected during the first year of tenure with assay results of no interest. An airborne geophysical survey was flown at 100m line spacing (approx 200 line km) by UTS Geophysics during the year as well.

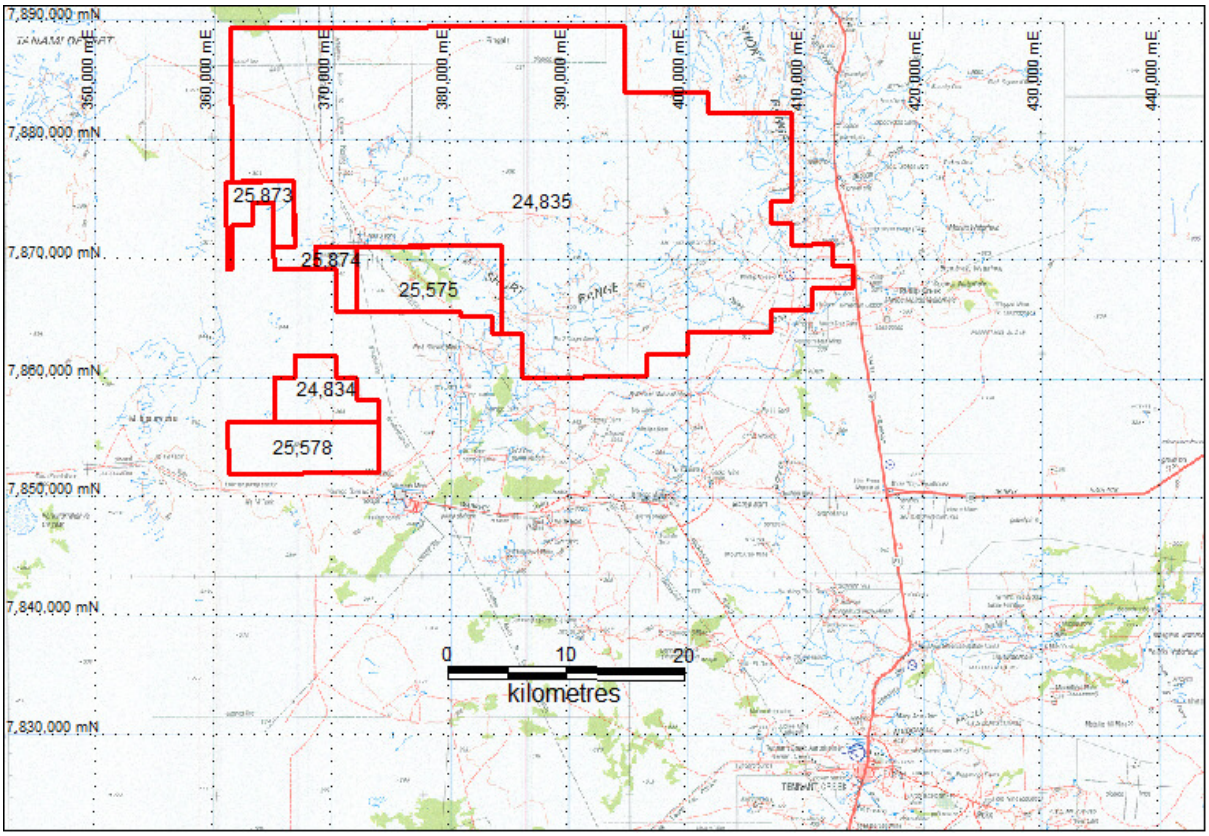

Figure 1. Location Map

INTRODUCTION

EL 25874 was granted to Waanyi Garawa Mining Pty Ltd on September 17, 2007. In April 2 2007, Rum Jungle Uranium Ltd purchased all issued capital in Wannyi Garawa Mining, thus taking over the tenement.

EL 25874 is located 50km north west of Tennant Creek. It is located on the Short Range 1:100 000 map sheet and the Tennant Creek 1:250 000 map sheet. 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.

EL25874 is part of Rum Jungle's Tenant Creek Project which consists of eight granted tenements and two smaller EL applications.

GEOLOGICAL SETTING

EL 25874 is mostly located in the Flynn Sub Group of the Palaeoproterozoic Churchill's Head Group of rocks which consist of relatively undeformed and un-metamorphosed sedimentary rocks and volcanics. The Flynn Sub Group overlies the older deformed Warramunga Formation which hosts the Tennant Creek goldfield. The younger Warrego Granite intrudes the Wundirgi Formation of the Flynn Sub Group and sub-crops south of the tenement beneath recent sands and gravel.

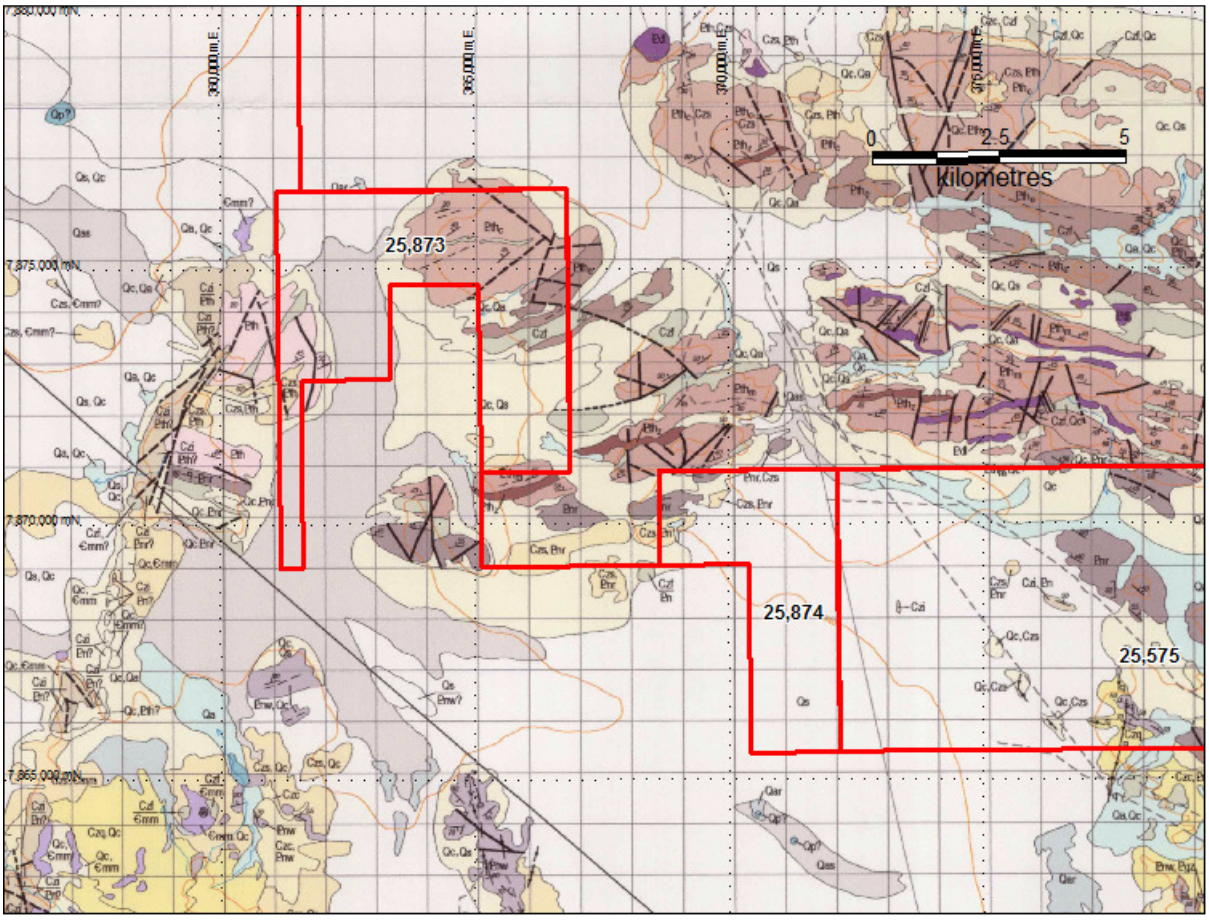

Figure 2. Local Geology

GEOPHYSICS

During the first year of tenure a magnetic and radiometric survey was conducted over EL 25874 and surrounding tenements at 100m line spacing. Figure 3 shows the new data stitched in with the old NTGS data within EL 25874. The north east corner of the tenement contains part of a large WNW trending radiometric anomaly caused by sub cropping Warrego Granite. Figure 4 shows Flynn Group rocks and magnetic intrusive wrapping around the northern contact with the Warrego Granite in the north west corner of the tenement.

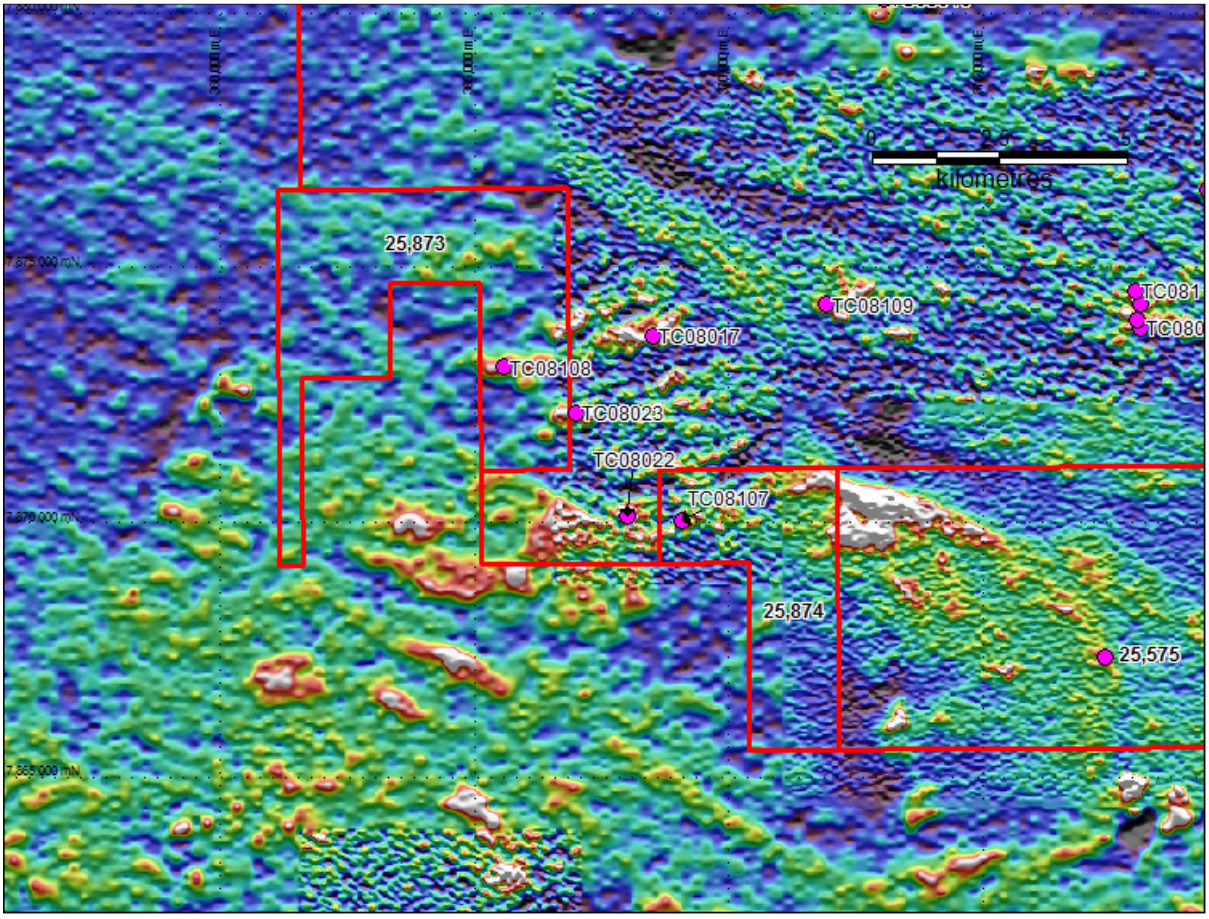

Figure 3. Radiometric image of EL 25874 with rock chip sample location

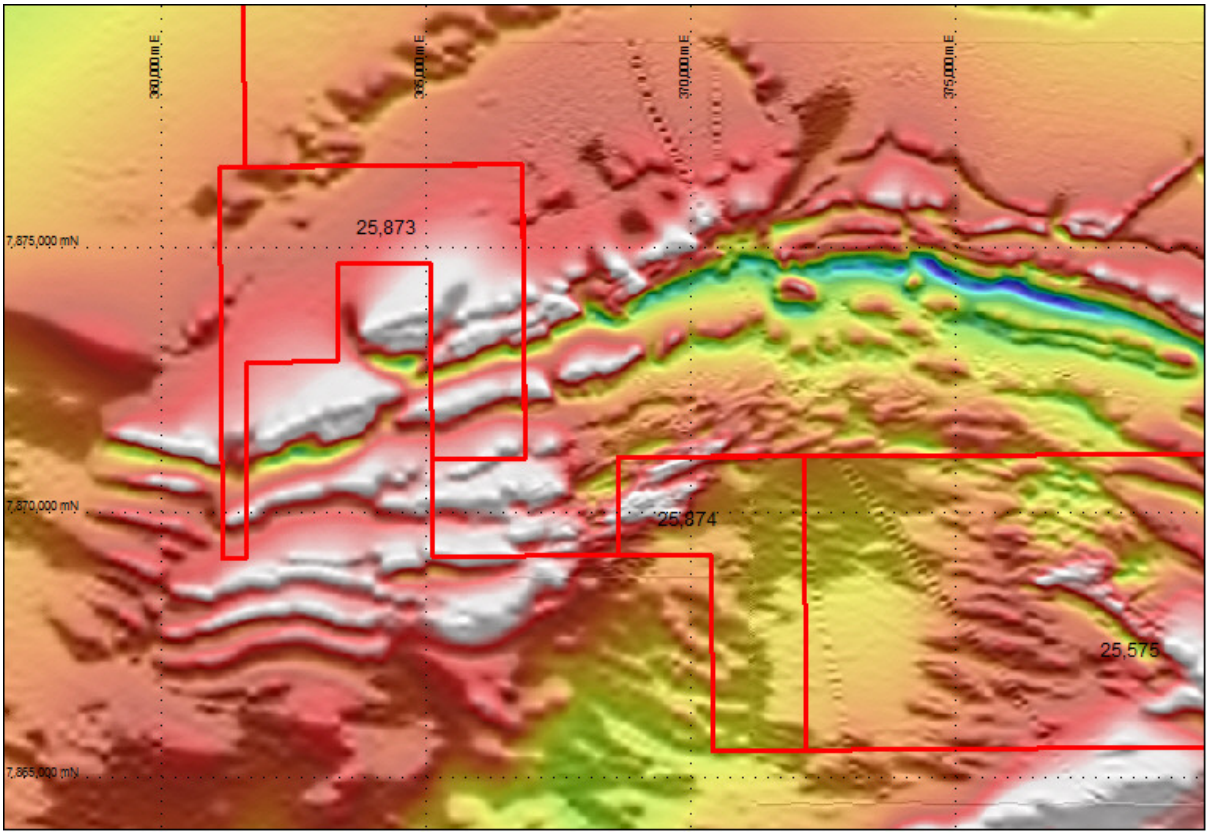

Figure 4. Magnetic image of EL 25575

PREVIOUS EXPLORATION

A large radiometric anomaly exists in the north east corner of EL 25874 (figures 3 and 5) with a majority of the anomaly occurring in the neighbouring tenement (EL25575). This anomaly has been explored extensively in the past.

CRA Exploration was granted EL1877 on May 4 1979. They conducted airborne geophysics, ground spectrometry, Alpha meter surveys, soil geochemistry, water sampling, ground gravity and a 15 hole vertical percussion drilling program. A groundwater anomaly open to the northwest of the original Anomaly 12A radiometric anomaly was further tested by 20 percussion holes however the source of the uranium was not found.

The Central Electricity Generating Board Exploration (Australia) Pty Ltd conducted exploration on EL 4895 which was granted on May 13 1986. They were looking at two uranium anomalies, Windgap and White Ridge for a number of years. Exploration included:

- Literature review and interpretation of existing airborne data.
- Foot and vehicle reconnaissance on ground.
- Detailed ground magnetic, electromagnetc, radiometric, ROAC, geochemical and biogeochemical surveys.
- Drilling of eighteen percussion diamond holes in 1987.
- Regional groundwater studies and two hole diamond program in 1988-1989.
- CSIRO personnel, Bruce Dickson and Angela Giblin conducted research on the Windgap groundwater uranium anomaly.

After two large exploration programs by CRAE and CEGBEA in the 1980's, the uranium groundwater anomaly was not fully explained. It is believed the uranium is not coming from the host Warrrego Granite which contains low level uranium and higher thorium counts, but is believed to be transported in spring water which surfaces in the area of the anomaly.

The Short Range has been sampled by Geopeko, Normandy and Giants Reef Mining over the years looking for IOCG mineralisation extending north from the Warramunga gold field but no discoveries have ever been made.

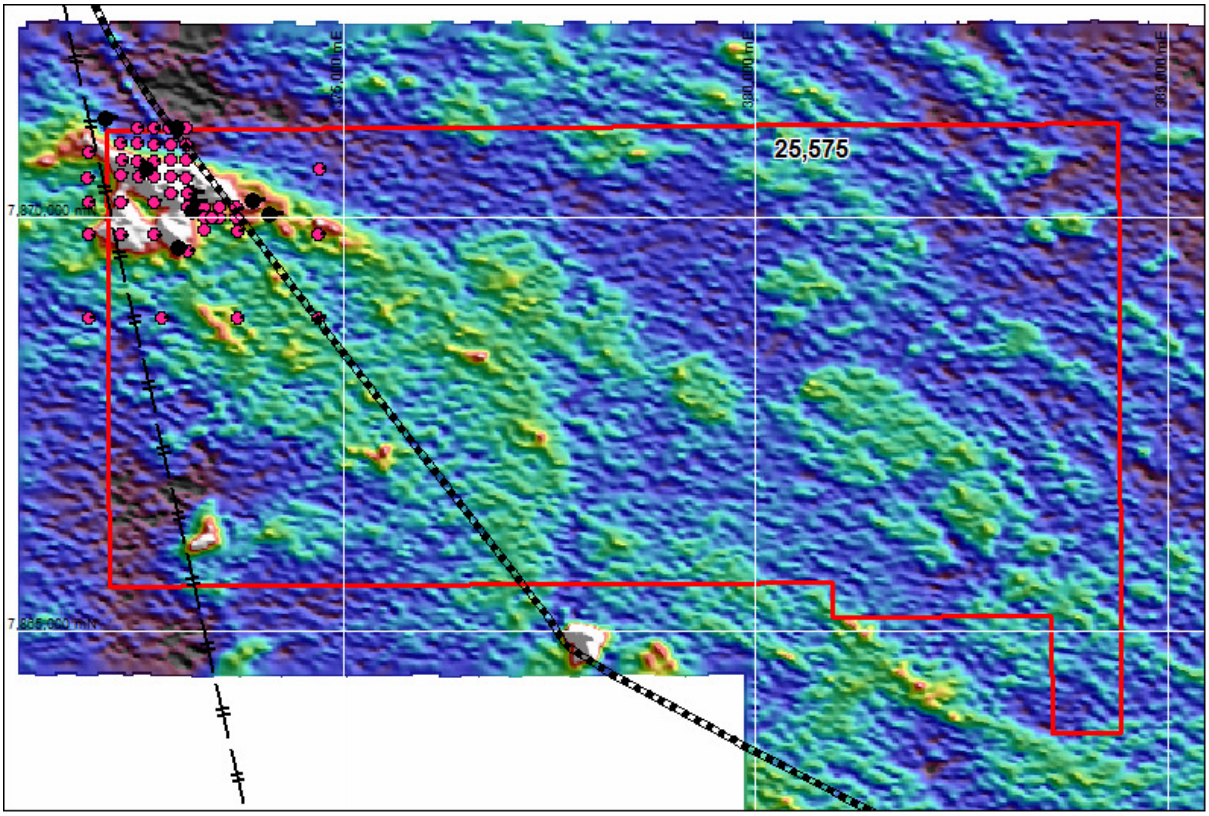

Figure 5. CRAE and CEGBEA drill holes into the Windgap/ Anomaly 12A uranium anomaly which extends into the eastern part of EL 25874.

CURRENT EXPLORATION

One rock chip sample (TC08107) was taken from a radiometric anomaly with the tenement during a helicopter assisted sampling program utilising a Jetranger hired from Jayrow in Katherine. Assay results from the sample are tabulated below.

Sample	Description	MAX CPS	Easting	Northing	Zone
TC08107	Lateritic alluvium, flat alluvial plain	180	369074	7870037	53

Date Sampled	Date received	Au	Cu	Fe	Pb	Th	U	Zn
		ppb	ppm	ppm	ppm	ppm	ppm	ppm
		FA25_MS	G400M	G400I	G400M	G400M	G400M	G400M
22/05/2008	27/06/2008	1	11.6	88000	13.4	16.9	2.4	12

PROPOSED EXPLORATION ACTIVITY YEAR 2

Further field work and sampling needs to be done around the Windgap radiometric anomaly to see if a deep diamond drill hole is warranted to target an IOCGU style orebody in the granite beneath the radiometric anomaly.

PROPOSED EXPENDITURE YEAR 2

Field mapping and sampling	$5000
Accomodation and meals	$2000
Vehicles and fuel	$2000
Other costs	$2000
Total	$11000

CONCLUSION

More ground work needs to be done in 2009.