Titleholder: Rum Jungle Uranium Ltd
Operator: Rum Jungle Uranium Ltd
Tenement Manager: Ross McColl
Tenement: EL25575
Project Name: Short Range
Report Title: Third Annual Report for EL25575, Short Range, Tennant Creek NT, period ended 10/07/2010
Author: Nigel Doyle and Jenna Nowland
Corporate Author: Rum Jungle Uranium Ltd
Target Commodity: Uranium, gold, base metals
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Datum/Zone: GDA94/ Zone 53
250K mapsheet: Tennant Creek SE5314
100K mapsheet: Short Range 5659
Address: PO Box 775, Darwin NT 0801
Phone: 8942 0385
Fax: 8942 0318
Contact Email: ndoyle@rumjungleuranium.com.au
SUMMARY
A diamond drill hole was planned and the drill site cleared for drilling, however the hole was never drilled. An archaeological survey was completed over the proposed drilling area and radiometric surveying was carried out to determine the best drill hole position. An access track was put in to the drill site.

Historic diamond core from the Windgap uranium anomaly which is held at NTGS Core Store was re-logged with four samples taken and assayed showing highly anomalous thorium and zinc.

Rehabilitation of the previous year’s drill sites and the propose diamond hole was also completed.

Expenditure for the third year of tenure was $37,542 against a covenant of $102,000.

Figure 1. Location Map
**INTRODUCTION**
EL 25575 was granted to Waanyi 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.

EL 25575 is located 55km 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.

EL25575 is part of Rum Jungle’s Tenant Creek Project which consists of thirteen granted tenements and two EL applications. The Alice Springs-Darwin railway line and a gas pipeline runs through the tenement. Access is via a bitumen road north west of Tennant Creek to the Warrego Mine, then graded gravel road north through the tenement. The road continues north to Aboriginal communities.

**GEOLOGICAL SETTING**
EL 25575 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 throughout the western part of the tenement beneath recent sands and gravel.

A large radiometric anomaly is located in the north west corner of the tenement (Figure 3) which is caused by a thorium rich Warrego Granite and it also contains very high uranium levels in groundwater.
Figure 2 Local Geology

Figure 3 Radiometric image over tenement EL25575
PREVIOUS EXPLORATION
During the first year of tenure, three RC holes PCRC006-PCRC008 were drilled for a total of 570m, targeting a gravity low at the base of the Short Range. The holes were drilled into Flynn Group rocks, either the basal Wundirgi Formation or the overlying Brumbreu Formation with PCRC008 intersecting the Warrego Granite.

All RC bags were scanned with a scintillometer with no anomalous results. Magnetic susceptibility measurements were also taken every 5m with readings generally low but increasing with depth. Mafic intrusives further east on the tenement are highly magnetic.

The granite contains low to moderate chlorite and hematite alteration and was non magnetic.

During the second year of tenure, a further four RC holes PCRC012 – PCRC015 were drilled in August 2008, for a total of 366m, to fully test a targeted gravity high feature. They extend south of RC holes PCRC009-PCRC011 drilled the previous year on EL24835. These holes intersected sediments of the Flynn group and possibly the Warrego Granite. Drilling intersected mafic intrusives and granite at shallow depth indicating the gravity high is caused by the intrusive. Assay results received from the laboratory did not show any exciting results, with Cu barely reaching above 300ppm. Samples were assayed for gold and copper only as no anomalous radioactivity was detected in 1m RC samples when scanned by scintillometer.

Figure 4. RC Drill Holes (blue) drilled in 2008.
CURRENT EXPLORATION

Samples in the table below (Table 2) were taken from diamond drill hole TCPD11, drilled at the Windgap uranium anomaly in the late 1980’s by CEGBEA. The core is held at the NTGS Core Store in Winnellie. Samples were taken between 73 and 86.6m down hole in sections of hematite and chlorite altered granite. Uranium is anomalous however thorium and zinc are extremely elevated.

Table 1. Diamond drill core assays from TCPD11

<table>
<thead>
<tr>
<th>Sample</th>
<th>Au</th>
<th>Ag</th>
<th>As</th>
<th>Bi</th>
<th>Cu</th>
<th>Mo</th>
<th>Nb</th>
<th>Ni</th>
<th>Sn</th>
<th>Th</th>
<th>U</th>
<th>W</th>
<th>Zn</th>
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<tbody>
<tr>
<td></td>
<td>ppb</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
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<td>ppm</td>
<td>ppm</td>
<td>ppm</td>
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<td>ppm</td>
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<tr>
<td>TCPD11-73</td>
<td>4</td>
<td>&lt;0.05</td>
<td>157</td>
<td>1.72</td>
<td>2.8</td>
<td>0.95</td>
<td>20.7</td>
<td>36</td>
<td>3.2</td>
<td>97.8</td>
<td>2.4</td>
<td>16.6</td>
<td>23.3</td>
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<td>TCPD11-74</td>
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<td>59.5</td>
<td>1.4</td>
<td>1.6</td>
<td>0.95</td>
<td>18.3</td>
<td>40</td>
<td>3.2</td>
<td>77.7</td>
<td>0.95</td>
<td>11.7</td>
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<td>TCPD11-84</td>
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<td>58</td>
<td>0.76</td>
<td>1.4</td>
<td>0.8</td>
<td>19.4</td>
<td>40</td>
<td>3</td>
<td>88.4</td>
<td>0.59</td>
<td>11.1</td>
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<td>TCPD11-86.6</td>
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<td>&lt;0.05</td>
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<td>0.96</td>
<td>1.4</td>
<td>1</td>
<td>17.2</td>
<td>26.6</td>
<td>3</td>
<td>68.1</td>
<td>1.83</td>
<td>9.21</td>
<td>14.1</td>
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</table>

Rum Jungle aimed to test possible deep seated uranium mineralisation in structures abutting to the north or beneath the large Windgap uranium anomaly in the northwest corner of the tenement. The geological model (Figure 8) was that shearing or faulting along the northern edge of the radiometric anomaly was concentrating uranium mineralisation and was located at the boundary between the Warrego Granite and metasediments to the north.

It was originally planned to drill underneath the historic hole TCPD11 on EL25575 (Figure 6), however it was found that Coredat drill hole locations were not accurate. TCPD11 and a few other historic holes were location on the ground by field crews during radiometric surveying (Figure 10) and TCPD11 was actually drilled further west than expected on adjacent EL25874 (Figure 7).

PCRDDH1 was planned and drilled on adjacent tenement EL24835. It was drilled to the south at 60 degrees underneath TCPD11 but started and stayed entirely in granite. In hindsight planned hole PCRDDH2 may have been a better hole to drill first being closer to the main part of the anomaly however this hole remains undrilled.

During the year minor field work was carried out using the company’s hand held XRF on the southern portion of the tenement. A rock and a soil sample taken from radiometric highs were analysed however no anomalous results were shown (Table 2 and figure 11).

An archaeological survey was carried out over Windgap by Earth Sea Heritage Surveys and found no indigenous artefacts. The area was cleared for drilling.
Figure 5. Access Tracks into the proposed drill site along the railway line (east track) and gas pipeline (west track).

Figure 6. Original historic drill hole locations on radiometric anomaly
Figure 7. Revised drill hole locations and field located historic drill holes at Windgap

Figure 8. Theoretical Geological Model at Windgap
Figure 9. Cleared drill site PCRDDH2 at Windgap on EL25575

Figure 10. Radiometric surveying at Windgap
Table 2. Soil and rock chip assay results

<table>
<thead>
<tr>
<th>Sample</th>
<th>Type</th>
<th>Analysis</th>
<th>Au_ppb</th>
<th>Cu_ppm</th>
<th>Pb_ppm</th>
<th>Zn_ppm</th>
<th>U_ppm</th>
<th>Ni_ppm</th>
<th>Fe_ppm</th>
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<td>TC209SL01</td>
<td>Soil</td>
<td>XRF</td>
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<td>-1</td>
<td>16.68</td>
<td>14.82</td>
<td>54.08</td>
<td>13029.91</td>
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<td>TCRK08112</td>
<td>Rock</td>
<td>LAB</td>
<td>1</td>
<td>30.6</td>
<td>16</td>
<td>49</td>
<td>8.27</td>
<td>0</td>
<td>61100</td>
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</table>

Figure 11 Location of the rock and soil sample taken on EL25575
A partial relinquishment of 11 blocks has now taken place after 3 years as shown in Figure 12.

![Figure 12 Remaining and relinquished sections of EL25575](image)

**PROPOSED EXPLORATION ACTIVITY YEAR 4**
- Re-evaluation of historic drilling and whether PCRDDH2 should be drilled with an RC rig.
- Further close spaced radiometric surveying

**PROPOSED EXPENDITURE YEAR 4**

$11,000

**CONCLUSION**
A diamond drill hole was cleared in preparation for drilling but a decision was made not to drill the hole. The Windgap anomaly has been downgraded somewhat but there is still potential for further investigation.