Titleholder: Rum Jungle Uranium Limited
Operator: Rum Jungle Uranium Limited
Tenement Manager: Ross McColl
Tenement: EL25578
Project Name: Warrego North
Report Title: Third Annual Report for EL 25578, 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
Date of Report: 6/8/2010
Datum/Zone: GDA94/ Zone 53
250K mapsheet: Tennant Creek SE5314
100K mapsheet: Short Range 5659
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APPENDICES

Appendix 1   Geochemistry of Rock Chip Samples
Appendix 2   RAB Assay Results
Appendix 3   RAB Drill Logs
SUMMARY
During the third year of tenure, reconnaissance field work and sampling was conducted over the tenement with results showing elevated copper, zinc and nickel. Twelve RAB drill holes were drilled for a total of 408m over the large gravity anomaly with elevated levels of zinc, nickel and cobalt. Prior to drilling commencing an archaeological survey was conducted over the drill target by Earth Sea Heritage Surveys. A portion of the tenement has been relinquished as it is no longer considered prospective.

Expenditure for the second year of tenure was $47,791 against a covenant of $31,000

Figure 1 EL 25578 tenement location
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.

EL25578 is part of Rum Jungle’s Tenant Creek Project which consists of 13 granted tenements. Access to the tenement is via the bitumen Warrego Highway to Warrego Mine, then via a gravel road leading west from the mine along the southern edge of the tenement.

GEOLOGICAL SETTING
EL25578 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.
PREVIOUS EXPLORATION

A rock chip sampling program over the tenement in May 2008 was completed during the first year of tenure. 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 (Doyle, 2008).

During the second year of tenure a ground gravity survey comprising of 527 stations at 200m spacing’s was conducted by Fugro Ground Surveys (Doyle and Rollings 2009). Of these, 307 stations were located on the western edge of the tenement while the remaining 220 were located to the east. Ground reconnaissance of a large gravity anomaly on the western boundary of the tenement was also conducted. Four rock chip and 21 soil samples were taken during a sampling trip where elevated assay results for copper, nickel and zinc were received.

A uranium sample from 2008 was also revisited and re-sampled. Five soil samples and a further two rock chip samples were taken. Only one sample returned high uranium however zinc and nickel values were high according to the Niton XL3 hand held XRF Unit for the two rock chip samples.

CURRENT EXPLORATION

During the third year of Tenure 12 RAB holes were completed over a gravity anomaly on the western boarder of EL 25578, 15km west of the Warrego Mine Site (Figure 3). RAB drill hole logs are located in Appendix 3. The gravity anomaly was discovered after the ground gravity survey was completed by Furgo Ground Surveys in May 2008. Before drilling commenced, Richard Woolfe from Earth Sea Heritage Surveys undertook an archeological survey in October 2009 over the gravity anomaly and surrounding area. The total area of the survey was 95 hectares of which approximately 35 hectares were visually inspected. No indigenous or historic sites were located during the survey.

Reconnaissance field work was also conducted over the tenement as a whole. Forty-three rock chips were taken with XRF results showing elevated copper, zinc and nickel (Figure 2). These rock chip sample results can be found in Appendix 1. The majority of the rock chip samples were taken in the north-western corner of the tenement.
Drilling commenced on the 2\textsuperscript{nd} of November and was completed on the 5\textsuperscript{th}. A total of 408m were drilled by Well Drilled Pty Ltd. Arenite, arkose, chert and clays, including weathered and fresh Warramunga granite in the northern section, were intersected. A one metre thick iron rich band occurred in most holes, generally at 15 to 20m depth, with iron concentration on the hand held XRF ranging between 20 to 35%.

Some drill hole samples returned results with elevated Zn, Ni, Cu and Co (Table 2). Assay results can be found in Appendix 2. Twelve blocks in the centre of EL25578 which were not seen as prospective have now been relinquished.

<table>
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<tr>
<th>Hole No.</th>
<th>Easting</th>
<th>Northing</th>
<th>Azimuth</th>
<th>Dip</th>
<th>Depth</th>
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<td>-90</td>
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Figure 3 RAB drill holes at Warrego West over gravity anomaly
Table 2 Selected samples from the RAB drilling program

<table>
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<tr>
<th>Sample</th>
<th>Hole No</th>
<th>Interval</th>
<th>Rock Type</th>
<th>Cu</th>
<th>Ni</th>
<th>Bi</th>
<th>Pb</th>
<th>Zn</th>
<th>U</th>
<th>Co</th>
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<tr>
<td>4327</td>
<td>WWRA001</td>
<td>10-11m</td>
<td>Iron rich chert &amp; arenite</td>
<td>90</td>
<td>185</td>
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<td>95</td>
<td>600</td>
<td>42.5</td>
<td>85</td>
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<td>4335</td>
<td>WWRA003</td>
<td>16-18m</td>
<td>Ironstone &amp; arkose</td>
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<td>Ironstone</td>
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<td>205</td>
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<td>19-22m</td>
<td>Ironstone &amp; arenite</td>
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<td>&lt;5</td>
<td>25</td>
<td>305</td>
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PROPOSED EXPLORATION ACTIVITY YEAR 4
During the fourth year of tenure, exploration activities will consist of the following:

- Follow up on RAB geochemistry

PROPOSED EXPENDITURE YEAR 4
RAB geochemistry re-evaluation $2000
Salaries $1000
Office Admin $1000
Report Writing $500
Ground follow up and sampling $3000
Vehicle and accommodation $1500

Total $9000

CONCLUSION
RAB holes drilled into the large gravity high on the western border of the tenement did not show mineralisation close to surface however geochemistry is anomalous and requires further evaluation.
REFERENCES