Titleholder: Rum Jungle Uranium Limited
Operator: Rum Jungle Uranium Limited
Tenement Manager: Ross McColl
Tenement: EL27045
Project Name: Mount Bundy
Report Title: First Annual Report for EL27045, Mount Bundy NT, period ended 16/08/2010
Author: Nigel Doyle and Jenna Nowland
Corporate Author: Rum Jungle Uranium Ltd
Target Commodity: Uranium, gold, base metals
Date of Report: 8/09/2010
Datum/Zone: GDA94/ Zone 52
250K mapsheet: Darwin SD5204
100K mapsheet: Mary River 5272
Address: PO Box 775, Darwin NT 0801
Phone: 8942 0385
Fax: 8942 0318
Contact Email: ndoyle@rumjungleuranium.com.au
SUMMARY

During its first year of tenure two RC drill holes were drilled for 154m. MBRC was drilled on the northern edge of Mount Bundy targeting a VTEM anomaly west of the Mary River and MGRC043 was drilled east of the Mary River targeting a VTEM anomaly under the black soil floodplain. No mineralisation was encountered. A VTEM survey was also flown by Geotech Airborne at 200m line spacing.

Expenditure for the year was $46,387 against a covenant of $61,000.

INTRODUCTION

EL27045 is located 110km ESE of Darwin along the Arnhem Highway straddling the Mary River. EL27045 is located on the Darwin 1:250 000 Geological Map and the Mary River-Point Stuart 1:100 000 sheet. Rum Jungle co-ordinates are captured in GDA94 datum.

EL27045 was granted to Rum Jungle Uranium on the 16/09/2009 for a period of six years. EL27045 has become part of Rum Jungle’s Mount Bundy Project which includes about 22 tenements and a number of polymetallic prospects.

EL27045 was pegged by Rum Jungle after Territory Resources relinquished the ground from EL23791.
GEOLOGICAL SETTING

EL27045 is located in the central domain of the Proterozoic Pine Creek Orogen (PCO) in the Top End of the Northern Territory. The tenement geology primarily consists of graphitic-carbonaceous siltstone and dolomitic siltstone of the Palaeoproterozoic Wildman Siltstone Formation which is intruded by the Mount Bundey Igneous Suite (1831 Ma) which comprises the Mount Bundy Granite, Mount Goyder Syenite and associated lamprophyre dykes.

EL27045 is mainly comprised of the Mt Bundy Granite and the surrounding Wildman Siltstone. In the southeast part of the tenement the granite is bordered by the South Alligator Group which overlies the Wildman Siltstone and is composed of the iron rich Koolpin Formation, the Gerowie Tuff (1862 Ma) and the overlying Mount Bonnie Formation. The Mount Bonnie Formation conformably grades into the overlying Burrell Creek Formation of the Finniss River Group which occupies a large area of the central domain of the PCO, although not present on EL27045.

A 300m wide hornfels zone exists around both the Mount Goyder and Mount Bundy intrusions. The hornfelsed sediments were originally carbonaceous and dolomitic siltstones of the Koolpin Formation and Wildman Siltstone Formation. Within the hornfels zone, particularly on the western flank of Mount Goyder, skarn mineralisation consisting of magnetite, pyrrhotite, chalcopyrite and allanite occurs in their lenses dipping away from the syenite contact.

The Mount Bundy igneous suite also comprises K-rich shoshonitic lamprophyres and felsic dykes. The intrusion injected gold, uranium, base metal and iron bearing fluids into surrounding country
rocks producing Tom’s Gully Gold Mine, the Quest gold and base metal deposits and the Mount Bundy Iron Ore mine.

Figure 2. Local Geology of EL23921

PREVIOUS EXPLORATION

2008

Rum Jungle Uranium Ltd commenced exploration over the area in the second half of 2008 after signing a uranium joint venture agreement with Territory Resources Ltd in May 2008 covering EL24468, EL23921 and EL23791.

During the first four years of tenure, Territory Resources conducted a review on the historical literature and geophysical data and then contracted UTS Geophysics to fly a 2547 line km magnetic
radiometric survey at 80m line spacing (25m flying height over the tenement). The survey identified up to nine magnetic anomalies to follow up, targeting iron mineralisation. As a result 4 RC holes were drilled on what is now known as Anomaly 2 and Anomaly 3 in 2006. Drilling intersected pyritic and pyrrhotitic siltstone and dolomite below clay overburden on Anomaly 2, which returned anomalous copper and cobalt at depths less than 40m (Vivian 2007).

During the fifth year of tenure in the dry season of 2008 (Doyle 2008), 6 rock chip samples were collected over a green scorodite and jarosite altered outcrop at the Billabong prospect with the best sample returning 10g/t Au, 3.7 g/t Ag, 28.3% As, 4170 ppm W and 4920 ppm Bi. Thirty one RAB holes were drilled for 652m in the Mount Goyder/Billabong area and 16 RC holes were drilled for 1128m targeting low grade polymetallic radioactive skarn containing uranium, copper and rare earth oxides at Mount Goyder West. On the neighbouring tenement 11 RC holes were drilled for 810m targeting the same skarn prospect.

Seven petrographic samples consisting of RC drill chips were submitted to Pontifex & Associates to make polished thin sections and for detailed petrographic analysis. Analysis indicates the mineralised samples are either magnetite skarn or sulphide skarn dominant with one sample MGRC021-041 being a greisen with visible arsenopyrite. The skarn samples variously contain magnetite, pyrrhotite and clinopyroxene with minor chalcopyrite. Rare earths and uranium are most probably contained in allanite. Two types of hornfels were described, a dark grey hornfels and a light grey hornfels and differ in mineralogical content. A sample taken from the Billabong prospect was confirmed to be scorodite and jarosite with visible arsenopyrite.

2009

Twenty nine RC holes {
were drilled, 16 of which were located on EL23791 and 13 on EL23921 for a total of 2604m (Doyle and Nowland, 2009). Three prospects were targeted by drilling:

1. Mount Goyder skarn prospect - uranium and polymetallic mineralisation in magnetite skarn and sulphide skarn rocks and dark green-grey hornfels at the Mt Goyder skarn prospect. Seven holes (MGRC 35,38,40,42, 44 and 48) were drilled for 639m.

2. Billabong prospect - gold and polymetallic mineralisation in a thin gossan and a scorodite and jarosite greisen outcrop at the Billabong prospect. Six RC holes were drilled in 2009 for 510m (BBRC001-006).

3. Goanna Park base metal prospect - on the north western side of Mount Bundy on the western side of the Mary River. Three RC holes were drilled in 2009 for 312m (MBRC019-021).
CURRENT EXPLORATION

A Heli –VTEM electromagnetic survey was flown by Geotech Airborne in May 2009 and profiles for each flight line were processed by Southern Geoscience Consultants Pty Ltd in July 2009. The Mt Bundy survey comprised 6 areas flown in various directions at 200m and 100m line spacing. Certain flight lines covered part of EL27045 while it was still a part of EL23791. This data has previously been reported to NTGS.

In previous years of exploration, no drilling had been completed on Area 3 of the VTEM data until this year of tenure when RC drill hole MBRC022 targeted a VTEM anomaly. Area 3 consists of 13 lines flown eastwest at a 200m line spacing, of which 19km of a total of 39kms intersects EL27045. It is unknown what caused the VTEM anomaly in MBRC022. Minor disseminated sulphide did occur
between 33 and 79m in syenite and this may have caused the anomalous response. Samples were taken from the last 12m of the hole which was in mainly in pink magnetic syenite. Assay results for the three samples are shown in Table 2. Results show elevated thorium values within the Mt Goyder Syenite.

A second hole MGRC043 was drilled on Annaburroo Station, east of the Mary River targeting a magnetic anomaly under the floodplain. The drill hole was abandoned at 36m due to caving of fine sand around the drill rods. The rods were pulled and another hole MGRC044 was drilled further south on EL23791. This hole was cased right through the fine sands to about 24m depth to stop the fine sand inflow. No samples were taken from MGRC043.

Table 1. Collar Table for MBRC022

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>Easting</th>
<th>Northing</th>
<th>Azimuth</th>
<th>Dip</th>
<th>Depth</th>
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<td>8579490</td>
<td>90</td>
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<td>118</td>
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<tr>
<td>MGRC043</td>
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<td>-60</td>
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Figure 4 VTEM flight lines over the Mt Bundy region, including Area 3 over EL27045
Figure 5 MBRC022 targeting a VTEM anomaly in the central northern part of EL27045

Figure 6. MGRC043 targeting a magnetic anomaly

Table 2 Assay results from samples taken from MBRC022

<table>
<thead>
<tr>
<th>Sample</th>
<th>From</th>
<th>To</th>
<th>Au_ppb</th>
<th>Cu_ppm</th>
<th>Pb_ppm</th>
<th>Zn_ppm</th>
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<td>-1</td>
<td>60</td>
<td>60</td>
<td>28</td>
<td>160</td>
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</tbody>
</table>
In the VTEM CDI profile (Figure 7) of the target area, the red area of higher conductivity is inferred to contain graphitic siltstone units possibly containing sulphide minerals on the edge of the syenite intrusion or massive sulphides within the syenite. The drill hole either missed the target or did not drill deep enough as nothing was intersected which explains the anomaly.

A number of VTEM conductors around Mt Bundy and Mt Goyder remain untested however these are mainly thought to be due to graphitic-pyritic black siltstone and may be tested at a later stage.

PROPOSED EXPLORATION ACTIVITY YEAR 2
Review VTEM data for potential drill targets. Review drilling and VTEM to ensure all drill holes did not miss any conductive anomalies. Conduct soil sampling over any potential targets to see if any warrant drilling.

PROPOSED EXPENDITURE YEAR 2
RC Drilling $10 000
Wages $3000
Travel /Accommodation $1000
Soil sampling/assaying program $1000

Total Expenditure $15 000
CONCLUSION
Two RC drill holes were drilled into a VTEM and a magnetic anomaly but neither intersected mineralisation. Geophysical data will be reviewed to see if further targets can be identified for drilling.

REFERENCES

