Titleholder: Rum Jungle Uranium Ltd
Operator: Rum Jungle Uranium Ltd
Tenement Manager: Ross McColl
Tenement: EL27129
Project Name: Stoney Dam
Report Title: First Annual Report for EL 27129, Stoney Dam, period ended 17/08/2010
Author: Nick Rollings and Jenna Nowland
Corporate Author: Rum Jungle Uranium Ltd
Target Commodity: Uranium, gold, base metals
Date of Report: 16/09/2010
Datum/Zone: GDA94/ Zone 53
250K mapsheet: Tennant Creek SE5314
100K mapsheet: Flynn 5759 and Short Range 5659
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SUMMARY
1500 line km of airborne geophysics (magnetics and radiometrics) were flown at 100m line spacing in a north south orientation at 30m flying height by UTS Geophysics.

In May 2010 a ground gravity surveys were conducted by Atlas Geophysics over three grids on a 50m x 50m grid spacing with a total of 914 stations collected. Four rock chip samples were taken with no interesting results. A LAG sampling program was conducted in June 2010 over GRID 2 with 78 samples taken. Statistically significant results were found at;

EL27129 GRID 2 – Au 12ppb, Sb 12ppm, Bi 2ppm

Expenditure for the year was $75 883 against a covenant of $254 000.

INTRODUCTION
EL 27129 was granted to Rum Jungle Uranium Pty Ltd on August 17, 2009 for a period of six years. EL 27129 is located 35km north of Tennant Creek. It is located on the Flynn and Short Range 1:100 000 map sheets and the Tennant Creek 1:250 000 map sheet. The tenement area containing 34 sub-blocks was pegged to explore for IOCGU mineralisation and unconformity type uranium mineralisation.

EL7129 is 100% owned and is part of Rum Jungle’s Tenant Creek Project which consists of ten granted tenements. RJU is exploring for uranium, gold and copper in the Tennant Creek area.

All Eastings and Nothings reported by Rum Jungle Uranium Ltd are projected into MGA Zone 53.
GEOLOGICAL SETTING

EL27129 is located immediately south of the unconformity between the Warramunga Province and the Tomkinson Creek Province around 35km north of Tennant Creek. At the unconformity, the Flynn Group overlies the older deformed Warramunga Formation which hosts the Tennant Creek goldfield.

The Warramunga Formation contains lithic tuffaceous, volcaniclastic and lithic sandstone, siltstone and hematitic siltstone, mudstone, slate and volcanic arenite (metagreywacke). At the Northern Star mine site there are a number of hematitic ironstone knobs, which are common occurrences around Tennant Creek in the Warramunga Formation. Chloritic schists are known to host uranium mineralisation at depth below the Northern Star open cut mine but occur at such a depth they are not mapped in Warramunga Formation anywhere as outcrop. Chlorite is mapped in alteration haloes and shear zones around a number of Tennant Creek ore bodies.

The Flynn Group of the Palaeoproterozoic Churchill’s Head Group of rocks consists of relatively undeformed and un-metamorphosed sedimentary rocks and volcanics. The basal units are the Wundirgi Formation in the west and the Monument Formation to the east. The Wundirgi Formation consists of lithic arenite, siltstone and shale while the Monument Formation consists of rhyolitic and rhyodacitic tephra, tuffaceous sandstone, siltstone, chert and shale. The Bernborough and Brumbreu Formations occur further up in the stratigraphy, consisting of similar rocks with the Warrego
Volcanics (chert, tuff, white siltstone and shale and sublithic arenite) interfinger with the Bernborough Formation.

The younger Warrego Granite intrudes the Flynn Group and outcrops to the west of EL 24835. Outcrop in the south-eastern part of the tenement is limited with large areas of recent sand, soil and colluvium.
PREVIOUS EXPLORATION
The area has historically been explored for Tennant Creek style IOCG mineralisation. The Warrego, White Devil, Great Northern, Orlando and Gecko mines are all located within 10km of the tenement.

CURRENT EXPLORATION

*Rock chip sampling*
Four rock chip samples were taken with no interesting results.

<table>
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<th>Sample No</th>
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<th>Cu_ppm</th>
<th>U_ppm</th>
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*Airborne Geophysical Survey*
A geophysical survey was flown at 100m line spacing by UTS Geophysics in a north south direction at 30m flying height for 1500 line km. Data was processed by Southern Geoscience Consultants. Data is included in Appendix 2. The aircraft used was a FU24-954 fixed wing plane with a UTS tail stinger magnetometer and an exploranium GR-820 spectrometer.

Figure 3 shows the uranium radiometric image and Figure 4 shows a magnetic image.
**Ground Gravity Surveys**

Three ground gravity surveys were completed by Atlas Geophysics over the tenement during May 2010. The areas were selected over uranium anomalies and/or structures for the close spaced ground gravity surveying. The overall survey consisted of a total of 914 stations on 50 x 50m grids. 190 stations were collected over Grid 1, 504 stations over Grid 2 and 220 stations over Grid 3. After analysis of the three gravity grids, Grid 2 was selected for ground follow-up with an oriented LAG sampling program. Ground Gravity raw data is included in Appendix 1.

**Oriented LAG sampling**

**Grid 2**

EL27129 Grid 2 covers two intersecting NTGS interpreted lineaments coincident with a radiometric U anomaly (Figure 6). A follow up ground gravity survey displayed as the first vertical derivative showed a strong linear feature coincident with the two lineaments with several spurs also branching off the main gravity anomaly (Figure 76). During the last site visit 78 LAG samples were taken and revealed anomalous geochemistry for Au 12ppb, Sb 12ppm, Bi 2ppm. Figures displaying element geochemistry of the soil grid can be found in Appendix 3.
Figure 6 EL 27129 Grid 2 U anomaly with U assays. Note assays do not reflect airborne radiometrics.

Figure 7 EL27129 Grid 2 1st vertical derivative
PROPOSED EXPLORATION ACTIVITY YEAR 2
RAB drilling will be considered at Grid 2 after further ground inspections are carried out.

PROPOSED EXPENDITURE YEAR 2

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<th>Cost</th>
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<tr>
<td>Assaying</td>
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<td>Vehicles and fuel</td>
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<td>Earthworks</td>
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<td>Rehabilitation</td>
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<td><strong>Total Expenditure</strong></td>
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CONCLUSION
The geochemical survey suggests that LAG/Soil sampling may offer some utility as an exploration tool in the Tennant Creek Mineral Field, particularly if the survey team is mindful of local geomorphology. This is encouraging given the initial uncertainty of LAG/Soil sampling in this area and the complex nature of the geomorphic terrain. GRID 2 may be considered for RAB drilling during the second year of tenure.