



Titleholder:	Rum Jungle Resources Ltd
Operator:	Rum Jungle Resources Ltd
Tenement Manager:	Ross McColl
Tenement:	EL 27585
Project Name:	Daly River
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Author:	John Dunster, Nigel Doyle and Jenna Nowland
Corporate Author:	Rum Jungle Resources Ltd
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Datum/Zone:	GDA94/ Zone 53
250K map sheet:	Fergusson River
Address:	PO Box 775, Darwin NT 0801
Phone:	8942 0385
Fax:	8942 0318
Contact Email:	jdunster@rumjungleresources.com.au

This is a replacement report.

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SUMMARY

During the first year of tenure a literature review, database compilation, geological and logistical reconnaissance and reconnaissance rock chip sampling were carried out. Four rock chip samples taken. The best result was sample 5484 with 80ppm Cu and 25ppb Au.

Expenditure was \$10 588.43 against a covenant of \$110 000.

INTRODUCTION

EL 27585 was granted to Rum jungle Resources Ltd in April 2010 for a period of six years. The tenement is situated approximately 200km S-SW of Darwin in the Daly River district.

The tenement area is made up of 47 sub-blocks within the Pine Creek geosynclines and covers geology that is considered prospective for uranium and base metals.

Although the tenement is on pastoral lease land most of the area is remote and inaccessible to vehicles with a few fence lines and existing tracks which become impassable during the wet season. Many of the creek crossings have been washed out during the unusually heavy wet season. Much of the vegetation is too thick to land a helicopter.

GEOLOGICAL SETTING

EL 27585 is located on the western domain of the Pine Creek geosynclines (PCO) in the Top End of the Northern Territory. The tenement predominantly contains the Late Proterozoic Hermit Creek Metamorphics of the Finniss River Group consisting largely of semi-pelitic gneiss with metamorphosed mafics to the north of the tenement. The Burrell Creek Formation to the south of the tenement is the less metamorphosed equivalent to the Hermit Creek Metamorphics. Also to the north of the tenement lies the Wangi Basics consisting of highly magnetic gabbro and dolerite that intruded late Proterozoic rocks prior to deformation.

Intruding through the late Proterozoic rocks is the Murrakamangee Granodiorite in the centre of the tenement area and the Fish Billabong Adamellite to the north.

The large dextral transcurrent Giants Reef Fault runs through the lower portion of the tenement displacing the Burrell Creek Formation. Faulting, hydrothermal activity, volcanics and intrusives make the area prospective for base metals, uranium and gold.

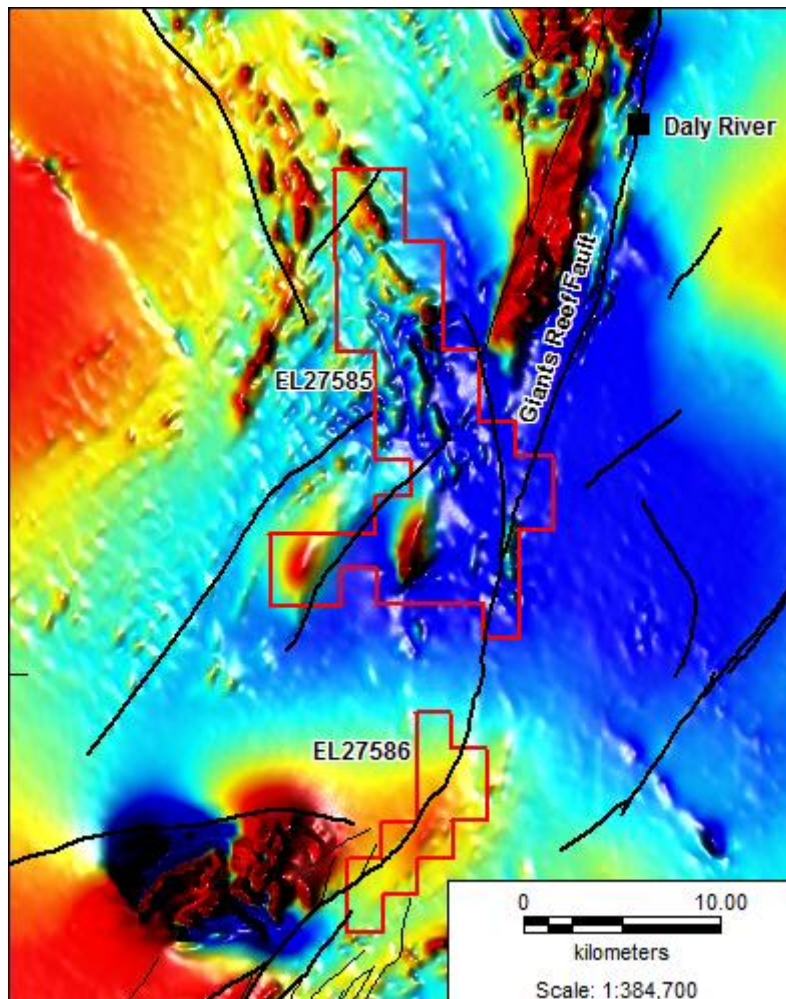


Figure 1 Daly River tenements EL27585 & EL27586 over magnetic image

PREVIOUS EXPLORATION

The area was considered prospective for uranium mineralisation with granite complexes and Achaean- Proterozoic metamorphics indicating geological settings similar to the East Alligator uranium fields. Companies such as Esso Australia Ltd and Placer Austex Pty Limited in the 1970's and Mobile Energy Minerals Australia in the 1980's explored for uranium mineralisation in the area.

Carpentaria Exploration explored the Terry's Prospect area throughout the 1980's. Ground magnetic surveys, stream sediment surveys, soil and rock chip geochemical programs, 18 RC drill holes and 3.25km of costeans were dug exploring for gold. Best rock chip sample assayed at 180g/t Au.

In 1993 CRA conducted statistical analysis of historical stream sediment data and highlighted nine areas of base-metal anomalism. This was followed by an airborne electromagnetic survey where a conductive response was recorded coincidental to an area with a geochemical drainage anomaly within the Hermit Creek Metamorphics (CRA, 1995).

The region was also prospective for kimberlite exploration, where Gem Exploration and Minerals Pty Ltd managed a joint venture with Suttons Motors Group and Mobile Energy and Minerals, allowing

Gem to explore for diamonds in the 1980's. This idea is based largely on the tectonic similarity with the Halls Creek Mobile Zone, Western Australia, where kimberlites are known to occur.

CURRENT EXPLORATION

Four days were spent in the field sampling on EL 27585 around Chilling Creek, west of Daly River. Four rock chip samples were collected and sent for assay.

Tracks were driven and logged with a GPS. Magnetic anomalies were investigated but found to be non-outcropping and covered by black soil alluvium.

Copper values were elevated with a value of 850 ppm Cu (Sample 5484) along the Giants Reef Fault in the southern corner of the tenement in an area which also contains a radiometric anomaly. Sample 5485 was also elevated in copper (475 ppm) and was taken on the border between the Murrakamangee Granodiorite and the younger Fish Billabong Adamellite.



Figure 2 Tenement access

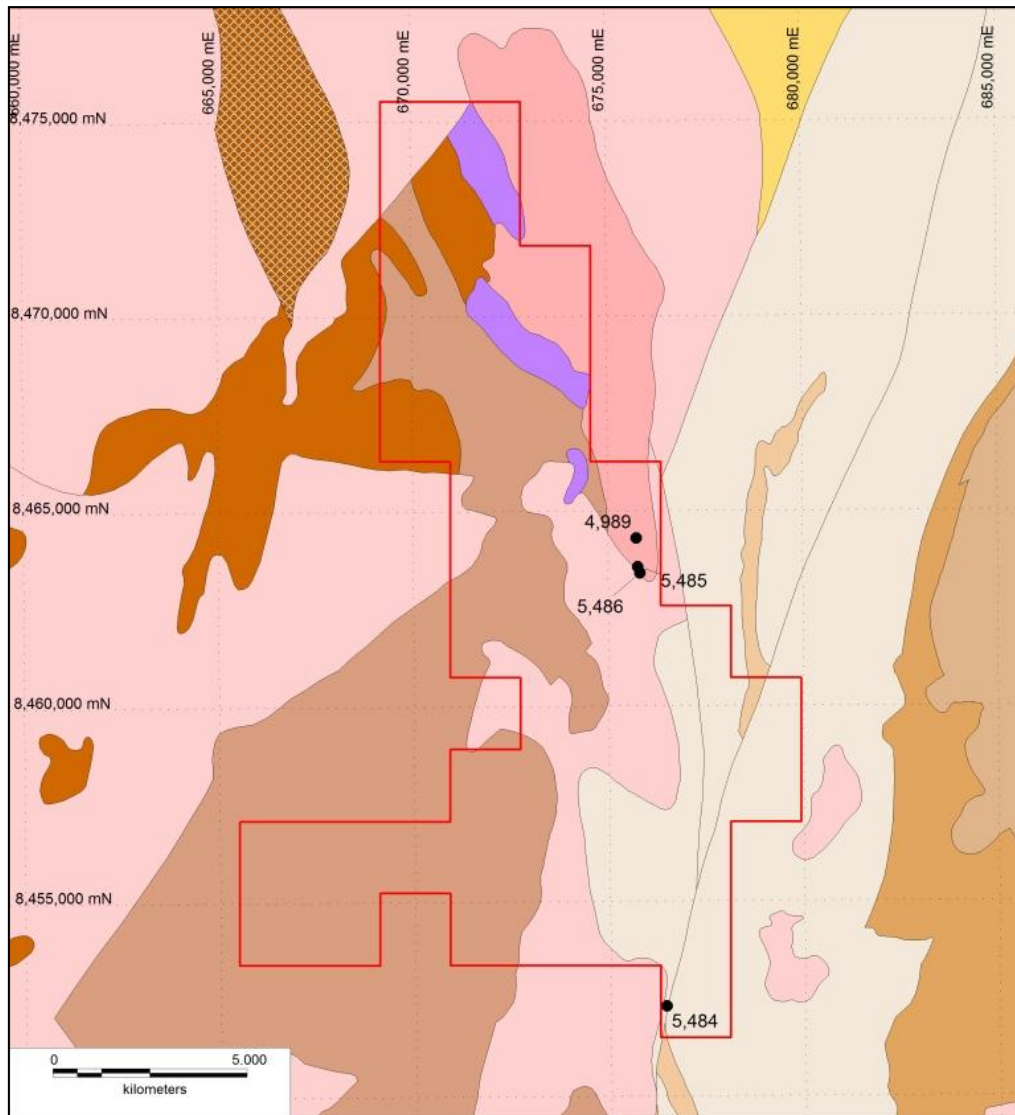


Figure 3 Sampling locations on EL 27585

Table 1 EL27585 Rock chip results

IDENT	Cu	Pb	Zn	Ag	As	Au
UNITS	ppm	ppm	ppm	ppm	ppm	ppb
SCHEME	IC3E	IC3E	IC3E	IC3M	IC3M	FA3E
DETECTION LIMIT	2	5	2	0.1	0.5	1
5484	850	<5	6	0.3	2	25
5485	475	5	12	0.3	2	17
5486	295	<5	4	0.3	1	13
4989	230	20	41	0.2	1.5	11

PLANNED EXPLORATION YEAR 2

Exploration will continue on EL 27585 with further rock chip sampling and studying of the Giants Reef Fault system. Drill targets may then be picked for RC drilling later in the year or in year 3 of tenure.

PLANNED EXPENDITURE YEAR 2

Rock chip sampling and geological reconnaissance	\$7000
Assaying	\$2000
Vehicles and field equipment	\$3000
Report writing	\$1000
 Total	 \$13 000

CONCLUSION

A brief field visit was conducted in September 2010. Further geological investigations and sampling will be carried out during the second year of tenure.