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Operator:	**Rum Jungle Resources Ltd**
Tenement Manager:	**Ross McColl**
Tenement:	**EL 27586**
Project Name:	**Daly River**
Report Title:	**First Annual Report for EL 27586 Daly River, period ended 19/4/2011.**
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Target Commodity:	**Uranium and Base Metals**
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This is a replacement report

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SUMMARY

During the first year of tenure a literature review, database compilation, and geological and logistical reconnaissance were carried out. Six rock chip samples were collected. The best results were samples 5476, 5480 and 5482 returning copper assays >500 ppm.

Expenditure was $10 013 against a covenant of $61 600.

INTRODUCTION

EL 27586 was granted to Rum Jungle Resources Ltd on the 20/4/2010 for a period of six years. The tenement is situated approximately 200 km S-SW of Darwin in the Daly River district.

The tenement area is made up of only 10 sub-blocks within the Pine Creek geosynclines and covers geology that is considered prospective for uranium, base metals and diamond-bearing kimberlites.

Although the tenement is on pastoral lease, most of the area is remote and inaccessible with a few fence lines and bush tracks which become impassable during the wet season. Many creek crossings were washed out as a result of the unusually heavy wet season and much of the vegetation had become too thick to safely land a helicopter.

GEOLOGICAL SETTING

EL 27586 is located in the western domain of the Proterozoic Pine Creek Orogen (PCO) in the Top End of the Northern Territory. The tenement geology is primarily located in Burrell Creek Formation of the Late Proterozoic Finniss River Group consisting of metagreywackes, conglomerates, phyllites and mudstones as well as minor schists. The Chilling Sandstone of similar age overlies the Burrell Creek formation to the east of the tenement area. These units have been faulted against the lithic tuffs of the Berinka Volcanics of the Finniss River Group to the south and the Murakamangee Granodiorite to the north.

The Giants Reef Fault is a large dextral transcurrent fault system that continues through to the Rum Jungle Complex. Faulting, hydrothermal activity, volcanic and intrusives makes the area prospective for base metals, uranium and gold.

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's 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 area in and around Terry's Prospect throughout the 1980's. Ground magnetic surveys, stream sediment surveys, soil and rock chip geochemical programs, 18 RC drill holes and 3.25 km of costeans were dug exploring for gold. 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 considered 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 was based largely on the tectonic similarity with the Halls Creek Mobile Zone, Western Australia, where kimberlites are known to occur.

CURRENT EXPLORATION

Field work was severely limited by poor ground access due the unusually heavy wet season. Two days were spent reconnaissance sampling on EL 27586 around Chilling Creek, west of Daly River. Six rock chip samples were collected and sent for assay. Interestingly, an area around the Giants Reef Fault, east of the Terry's Gold Prospect on EL 27586 returned numerous samples with highly anomalous copper in an area of quartz stockworks running parallel to the main fault.

Neighbouring lease holder Outback Metals Ltd have discovered a silver-copper prospect called Silver Strike also in the Berinka Volcanics proximal to the Giants Reef Fault about 15 km south west of RUM's tenement. This may suggest that mineralised fluids originating from the fault, the volcanics or both. Further sampling and possibly geophysics are needed to pin point a potential area for higher grade mineralisation. The area to the north east further along the northern side of the fault has yet to be sampled however the terrain is extremely rugged.

Rock chips from EL 27586

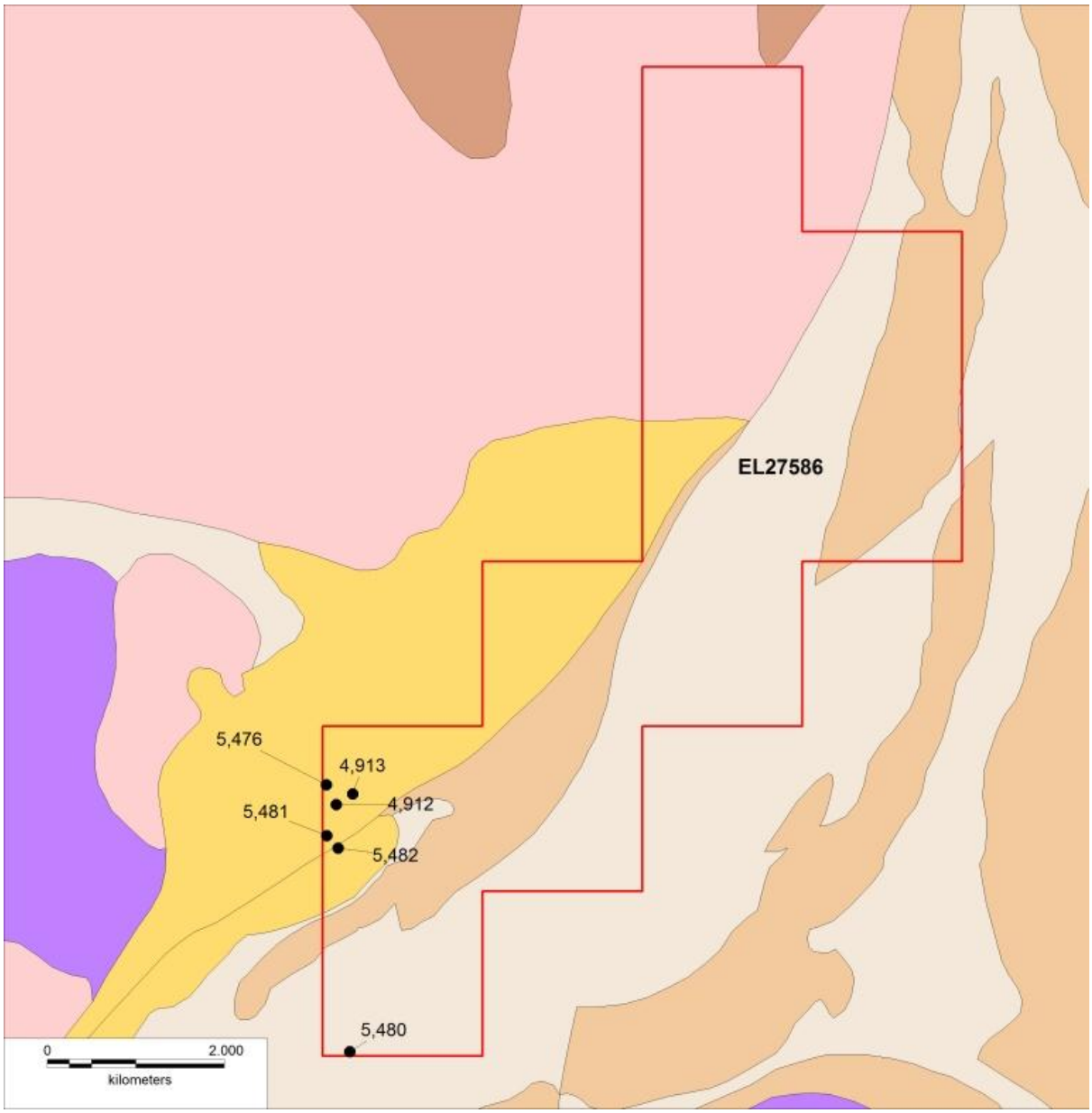

Table 3. Daly River Rock Chip Results EL 27586

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
5476	550	5	6	0.1	60	36
5480	550	<5	4	<0.1	5.5	15
5481	420	<5	4	0.5	80	37
5482	500	5	160	0.4	25.5	35
4912	180	5	8	0.2	5	7
4913	120	<5	8	0.2	3.5	7

PLANNED EXPLORATION YEAR 2

Exploration will continue on EL 27586. Subject to suitable access, further rock chip sampling will be undertaken in the Berinka Volcanics and the Giants Reef Fault system will be studied further to the north of this year's samples. Drill targets may then be picked for RC drilling later in the year.

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

Six rock chip samples were collected and returned values elevated in copper. Further sampling and possibly geophysics are needed to pin point a potential area for higher grade mineralisation. The area to the north east further along the northern side of the fault has yet to be sampled however the terrain is extremely rugged.