



Titleholder: Rum Jungle Resources Ltd / Deep Yellow Ltd

Operator: Rum Jungle Resources Ltd

Tenement Manager: Ross McColl

Tenement: EL 10404

Project Name: Mordor

Report Title: **Final surrender report for EL 10404, Mordor, NT**

Author: John Dunster

Corporate Author: Rum Jungle Resources Ltd

Target Commodities: Uranium, nickel, PGEs, base metals

Date of Report: 05/09/2011

Datum/Zone: GDA94/ Zone 53

250K mapsheet: Alice Springs

100K mapsheet: Laughlen

Address: PO Box 775, Darwin NT 0801

Phone: 08 8942 0385

Fax: 08 8942 0318

Contact Email: jdunster@rumjungleresources.com.au

Contents

SUMMARY	3
INTRODUCTION.....	4
HISTORY OF TENURE AND JOINT VENTURES	4
GEOLOGICAL SETTING.....	4
PREVIOUS EXPLORATION	6
EXPLORATION RATIONALE.....	6
WORK BY RUM JUNGLE RESOURCES LTD	7
CONCLUSION.....	7

SUMMARY

Rum Jungle Resources and its JV partner explored EL 10404 mainly for its uranium, nickel and PGE potential. Shortly after Rum Jungle took over operatorship, extensive prospecting was undertaken using a hand-held XRF and scintillometer. This work quickly downgraded the uranium potential. Exploration then focussed on the ultramafic body and the search for nickel sulphide and PGE mineralisation. Further prospecting, rock chip and soil sampling and a small ground gravity survey were undertaken. The best portable XRF assays from pegmatites were Nb (3740 ppm, Sample 3814) and Hf (4889 ppm, Sample 7284) as reported in the 2009 annual report. In the opinion of Rum Jungle, the uranium, nickel and PGE potential of EL 10404 has been thoroughly and methodically tested. EL 10404 was offered to Joint Venture partner Deep Yellow Ltd and no further work was undertaken by Rum Jungle Resources Ltd.

Expenditure for the final year as reported in the last annual report was \$870.00.

INTRODUCTION

EL 10404 was located in the Mordor Pound, 70 km northeast of Alice Springs, south of the Arltunga Tourist Drive and northwest of the Arltunga Historical Reserve (Figure 1). Rum Jungle accessed the EL from both the southwest and northeast.



Figure 1. Location and access map, EL 10404

HISTORY OF TENURE AND JOINT VENTURES

EL 10404 was granted to Tanami Gold in 2002 who signed the Harts Range ILUA with the CLC covering six tenements later held by Deep Yellow. EL 10404 was taken over by Deep Yellow in 2005. Rum Jungle Uranium Ltd entered into a joint venture with Deep Yellow Ltd in August 2007 and has earned a 50% share in the tenement by issuing Deep Yellow with shares and share options. Rum Jungle could earn a further 20% interest by spending \$2,000,000 on the six tenements. RJU was operator of the Joint Venture.

GEOLOGICAL SETTING

The geological map for EL 10404 is shown as Figure 2. Basement rocks in the Arltunga area comprise those of the Arunta Block. Broadly speaking, the Arunta Block consists of deformed and metamorphosed Palaeoproterozoic sedimentary and volcanic rocks which were then intruded by granite. The metamorphic history is complex with at least two major periods of widespread regional metamorphism with regional metamorphic grade ranging from greenschist to amphibolite.

Heavitree Quartzite unconformably overlies the Arunta basement rocks and forms the basal unit of both the Amadeus and Ngalia Basins. Both the basement rocks and the Heavitree Quartzite were deformed during the Alice Springs Orogeny, commonly resulting in complex inter-thrust wedges and folds along the present basin edge.

The northern extremes of EL 10404 are occupied by the Heavitree Quartzite making up the Cavenagh Range (Figure 3). Most of the tenement occurs in the Mordor Pound which comprises the Mesoproterozoic Mordor Alkaline Igneous Complex (MAIC), SHRIMP dated at 1132 ± 5 Ma which intrudes the high-grade Arltunga granitic gneisses and granitic intrusives of the Palaeoproterozoic Arunta Block.

The MAIC (shown as stippled purple in Figure 2) is an unusual multi-phase intrusive body with magnesian-potassic geochemistry. Total areal extent of outcropping/subcropping MAIC is approximately 35 km^2 . The MAIC consists of two separate sub-complexes that are spatially and temporally related, a syenitic sub-complex and a mafic sub-complex.

The syenite sub-complex forms the western sector of the MAIC and is roughly circular in shape. The areal extent of outcrop is approximately 20 km^2 . It has been suggested that this unit may have originally roofed the entire complex. This part of the MAIC is composed entirely of a relatively uniform, leucocratic, coarse-grained K-feldspar syenite with accessory clinopyroxene and phlogopite. The K-feldspar laths have a weak planar preferred orientation that may indicate a magmatic foliation.

The ultramafic sub-complex forms the southeastern part of the MAIC and is roughly ovoid in shape about a NE-SW trend. The areal extent is approximately 13 km^2 . The ultramafic lithologies of the MAIC outcrop as prominent rubbly rises covered in slabby dark red/black boulders. These are typically pyroxenitic in composition. The olivine-bearing lithologies outcrop poorly, if at all, and where present occur as subcropping, serpentinitic material with extensive pale brown secondary carbonate.

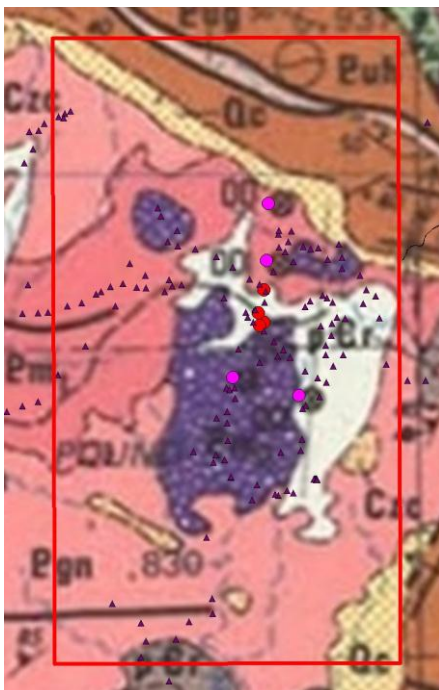


Figure 2. Published geology of EL 10404. Historical rock chip sampling shown as triangles. NTGS-captured drilling in hot pink, other historical company drilling from 2003 in red.



Figure 3. Looking north across Mordor Pound to the sandstone walls of the Cavenagh Range.

PREVIOUS EXPLORATION

The exploration history prior to Rum Jungle is summarised in the following table.

Year	Company	Type	# Samples	Results/Comments
1969 - 1971	CRA	stream seds	168	200 ppm Ni, 130 ppm Cu
1969 - 1971	CRA	soils	1413	800 ppm Ni, 1260 ppm Cu
1969 - 1971	CRA	rockchips	44	1950 ppm Ni, 5000 ppm Cu
1974-1975	NTGS	diamond drilling	4 holes	Geological holes, no significant assay results
1974-1975	NTGS	auger drilling	69 holes	No kimberlitic indicators found
1996-1997	CRAE	rockchips	25	0.73% Cu, 0.21% Ni, 199 ppb PGE
1996-1997	CRAE	soils	273	600 ppm Cu
1996-1997	CRAE	stream seds	301	1050 ppm Ni, 3000 ppm Cu
1996-1997	CRAE	geophysics	-	Helimag/radiometrics, airborne EM, IP, ground mag
1996-1997	CRAE	rc drilling	12 holes	2900 ppm Cu
1996-1997	CRAE	diamond drilling	5 holes	1m @ 1.4% Cu, 0.3% Ni, 0.1g/t Au and 0.4g/t PGE
2002	TGNL	diamond drilling	4 holes	MOD 1: 206-207m assaying 1.4 g/t combined Pd + Pt + Au (696, 437 and 268 ppb respectively).

Table 1. Exploration History

EXPLORATION RATIONALE

Rum Jungle Resources and its JV partner explored EL 10404 mainly for its uranium, nickel and PGE potential.

WORK BY RUM JUNGLE RESOURCES LTD

Rum Jungle took over as operator during the sixth year of tenure. Fieldwork began with extensive ground radiometric prospecting with a scintillometer and the collection of one rock chip sample. The tenement was found to have little prospectivity for uranium so the focus shifted to the ultramafic body and the search for nickel sulphide and PGE mineralisation.

During the seventh year of tenure, fieldwork was expanded to include extensive handheld XRF surveys, further ground radiometric prospecting with a scintillometer, collection of rock chip and soil samples, and a ground gravity survey. The gravity data are in XML not GDF format and were previously accepted by the DoR because it was such a small area. The data are resubmitted here in the XML format received from the contractor. XML is able to be captured by DoR. Data from laboratory assay work conducted at NTEL is resubmitted here. NTEL's methodology, codes and detection limits are explained in accompanying documents. Work confirmed that the tenement had little prospect for uranium. Nickel and PGE mineralisation potential continued to be the focus of exploration activities although potential for these metals had also been downgraded. A total of \$102,253 was spent in year seven against a covenant of \$23,000. The best rock chip sample from a radioactive pegmatite produced 3380 ppm U, 1040 ppm Th and 3750 ppm Nb.

During the eighth year of tenure limited fieldwork was undertaken and only three field samples collected. A reassessment of the published literature, exploration by previous explorers and Rum Jungle's sampling confirmed that EL 10404 had little potential for uranium, nickel and PGE. The best portable XRF assays from pegmatites were Nb (3740 ppm, Sample 3814) and Hf (4889 ppm, Sample 7284) as reported in the 2009 annual report. Note that these values are based on hand-held XRF not laboratory analysis. No drill targets were generated. A desk-top review failed to generate any new leads. Overall, the results downgraded the prospectivity considerably and Rum Jungle sought to divest the title. No covenant was set by Rum Jungle as it had flagged its intentions to either pass the title back to Deep Yellow or surrender it.

During 2011, the ninth year of tenure, EL 10404 was offered back to Joint Venture partner Deep Yellow Ltd and no work was undertaken by Rum Jungle Resources Ltd. Rum Jungle's admissible expenditure for the final year was \$870.00. This excludes the cost of producing this report which was after the anniversary of date of grant.

CONCLUSION

The uranium, nickel and PGE potential of EL 10404 has been thoroughly and methodically tested and the EL was surrendered.
