Titleholder: Uranium West Pty Ltd (50%) Rum Jungle Resources Ltd (50%)
Operator: Rum Jungle Resources Ltd
Tenement Manager: Ross McColl
Tenement: EL 24835
Project Name: Phillip Creek
Report Title: Fifth Annual Report for EL 24835, Phillip Creek NT, period ended 15/8/2011
Author: Nigel Doyle
Corporate Author: Rum Jungle Resources Ltd
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Address: PO Box 775, Darwin NT 0801
Phone: 8942 0385
Fax: 8942 0318
Contact Email: ndoyle@rumjungleResources.com.au
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SUMMARY
During the fifth year of tenure, Rum Jungle Resources completed 11 RC drilling holes for a total of 1266m. These holes had various targets including, magnetic, ground gravity and lag geochemical anomalies.

Ground gravity and lag geochemical anomalies will be followed up with a view to drill testing. A number or other existing magnetic and gravity anomalies will also be scrutinised with a view to drill testing in year 6.
Expenditure was $130 506.51.

INTRODUCTION
EL 24835 was granted to Uranium West Pty Ltd on August 16, 2006. In August 2007, an Exploration Joint Venture Agreement (JVA) was signed with Rum Jungle Resources Ltd (RJR) over two EL’s in Rum Jungle (EL 24866 and EL 24898) and two in Tennant Creek (EL 24835 and EL 24834). Rum Jungle Resources Ltd is operator of the Joint Venture and has now earned 50% of the venture after spending $600 000. RJR is currently earning another 25% by spending $500 000.

EL 24835 is located 45km 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 was pegged to explore for IOCGU mineralisation and unconformity type uranium mineralisation. A waiver of reduction was submitted to DoR to keep the full tenement area for year 3. It covers 78 sub-blocks or 252.86 km².

EL 24835 is part of Rum Jungle’s Tenant Creek Project which consists of ten granted tenements. RJR is exploring for uranium, gold and copper in the Tennant Creek area.

All data collected by Rum Jungle Resources Ltd is in GDA 94 Datum.
GEOLOGICAL SETTING
EL 24835 is located immediately north of the unconformity between the Warramunga Province and the Tomkinson Creek Province around 40km 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, volcanioclastic 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) interfingering 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.

Figure 2 Local geology of EL 24835
PREVIOUS EXPLORATION

Year 1
Limited ground work was conducted by Uranium West during the first year of tenure (Crescent Gold, 2007). The area has historically been explored for Tennant Creek style IOCG mineralisation with hundreds of shallow pattern vacuum and RAB holes drilled along the southern boundary of the tenement in the 1980’s and 1990’s by previous operators over small magnetic anomalies near the unconformity of the Warramunga Province and overlying Churchill’s Head Group.

Year 2
During the second year of tenure, eight RC drill holes were drilled for 1392m (Doyle, 2008). Holes 1-5 were targeted at a gravity high feature in the eastern part of the tenement. The drill holes intersected mainly Warramunga Group siltstone and mafic magnetic dykes but no mineralisation. It looks like the gravity high is caused by the mafic intrusions but further drilling along section to the north in 2008 will confirm this theory. Holes 9-11 were drilled into another gravity high in the western part of the tenement on the southern fringe of the Short Range. These holes intersected sediments of the Flynn Sub Group possibly in the hornfels zone on the northern tip of the Warrego Granite. No mineralisation was intersected.

4348 line km of airborne geophysics (magnetic and radiometrics) were flown at 100m line spacing in a north south orientation at 40m flying height. The Survey was flown by UTS Geophysics in late 2007. Fugro ground gravity crews carried out two ground surveys in the eastern and western part of the tenement and adjoining tenements, EL 25575 and EL 24874 with a station spacing of 200m (Figure 3). A number of gravity high features are evident in the data with initial drilling results indicating the highs may be due to mafic intrusives at depth.

A helicopter supported rock chip sampling program was carried out during August 2008 over all Tennant Creek tenements using a Bell Jetranger supplied by Jayrow out of Katherine. 27 samples were collected from radiometric anomalies on EL 24835 and sent for geochemical analysis at NTEL in Darwin (results in Appendix 2). The best results were 206ppm Cu from sample TC08015 and 276 ppm Cu from sample TC08014.

During August 2008, all RC drill pads an access tracks were rehabilitated and 19 further RC drill pads were constructed ready for a second round of RC drilling to further test ground gravity targets and small magnetic anomalies under alluvial cover.

Year 3
During the third year of tenure, five RC drill holes were drilled for 679m by Johannsen Drilling. The best result was 26m at 512 ppm Cu in a hematite quartz breccia unit from 71-96m in hole PCRC019. No uranium or gold mineralisation has yet been encountered.
1330 line km of airborne geophysics (magnetics and radiometrics) were flown by UTS Geophysics at 100m line spacing in a north south orientation at 30m flying height over the south east corner of the tenement.

A ground gravity survey was conducted over the south eastern part of the tenement by Fugro Ground Surveys with station spacings at 200m and 100m infill. Data was collected from a total of 1207 gravity stations.

Both gravity and magnetic surveys in the south east corner of the tenement were conducted to try and identify structures hosting known uranium mineralisation in the nearby Northern Star open cut mine and to try and locate mineralisation extending west into EL 24835.

All drill pads and sumps were rehabilitated during the year.

**Year 4**

Diamond drill hole PCRD001 was drilled on the southern border of EL 24835 into a radiometric anomaly called the Windgap Uranium prospect located 23km north of the Warrego mine site. The hole was drilled to 475.5m and stayed entirely in granite. No mineralisation was encountered.

Two ground gravity surveys were completed in the tenement area by Atlas Geophysics during May 2010. 627 gravity stations were collected on a 50m grid. Both survey areas were chosen for ground follow-up which involved orientated lag sampling and collection of rock chips. 80 LAG samples were taken and 5 rock chip samples collected. An area in the south of EL 24835 (EL 24835 South) was also chosen for an orientated lag sampling program. At this location, 31 lag samples were collected as well as three rock chips.

Better results include:

- EL 24835 GRID1 – Co 9.5ppm, Zn 20ppm, Cu 85ppm, As 60ppm
- EL 24835 South – Au 29ppb, Sb 23.5ppm, Zn 20ppm, Pb 46ppm, Cu 60ppm, Bi 1.8ppm, As 65ppm

Also included is a rock chip sample with Sn 2400ppm and Pb 200ppm which was taken in the EL 24835 South area.

**CURRENT EXPLORATION**

Beginning the 6th of June, RC drilling commenced on EL 24835, part of the Tennant Creek Project Area on Phillip Creek Station. Eleven RC holes were drilled by Underdale Drillers for a total of 1266m. The holes targeted various gravity, magnetic and geochemical anomalies as well as haematitic and volcanic outcrops. These targets were generated through regional gravity and magnetic surveys, ground gravity surveys and soil/lag geochemical sampling completed by RJR in the previous years.

Two holes were drilled in a haematitic outcrop where one hole, PCRC031, intersected 4m of an iron rich quartz breccia where the Niton hand-held XRF showed elevated levels of copper around .1%. One hole, PCRC026, targeted a combined gravity, magnetic and soil geochemical anomaly where the
magnetic anomaly could be explained from the thick dolerite unit intersected. The medium grained dolerite was quartz veined with some epidote and chlorite alteration and had patchy pyrite throughout at depths past 90m. No significant elevation of base metals or uranium was recognised by the XRF and PCRC026 was canned at 174m. The holes targeting regional gravity anomalies predominantly intersected dark maroon siltstones and sandstones. Although the holes were pushed to the deepest capacity of the rig (150 – 170m), nothing significant was intersected. Two holes, PCRC027 and PCRC028, close to the station entrance targeted magnetic anomalies however loose sandy clays intersected close to the surface made drilling operations difficult and holes were canned at 54m and 66m respectively.

**GEOHCEMSITRY**

Most holes were sampled at 2-3m composites, with some 1m samples, with a total of 122 samples being sent to Amdel. The complete set of assays can be found in Appendix 1. Below are selected results with elevated copper and lead.

<table>
<thead>
<tr>
<th>Sample_No</th>
<th>Hole_ID</th>
<th>From</th>
<th>To</th>
<th>Au_ppb</th>
<th>Cu_ppm</th>
<th>Ni_ppm</th>
<th>Zn_ppm</th>
<th>Pb_ppm</th>
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<td>166</td>
<td>168</td>
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Hole PCRC031 was drilled into outcropping ironstone within a volcanic unit that was previously recognised as a rock chip geochemistry anomaly. This hole intersected 11m at 0.73%Pb, 4.6g/t Ag and 960ppm Cu from 26m to 37m depth. To the near west, Hole PCRC026 intersected 2m at 1.16%Pb and 2.6g/t Ag between 166m and 168m in diorite. To the south of PCRC031, hole PCRC033 intersected .18%Cu in a 3m composite sample from 79 to 82m in rhyolite. These results were sufficiently encouraging to retain the ground.

REHABILITATION

PROPOSED EXPENDITURE YEAR 6

<table>
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<th>Activity</th>
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<tr>
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<tr>
<td>Accommodation</td>
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<tr>
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<td>Wages</td>
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Total Expenditure $60,000

CONCLUSION

REFERENCES

