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Top End: Polymetallic

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Operator: Rum Jungle Resources Ltd

Titles Agent: Complete Tenement Management

Tenements: EL 24917

Project Name: Ross River

Report Title: **Partial relinquishment report on EL 24917, Ross River**

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Corporate Author: Rum Jungle Resources Ltd

Target Commodity: uranium, copper, iron, gold, silver, nickel, PGE

Date of Report: 14/10/2013

Datum/Zone: GDA94/ Zone 53

250K map sheet: Alice Springs SF53-14

100K map sheets: Fergusson Range

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SUMMARY

EL 24917 is held 100% by Rum Jungle Resources Ltd and is primarily targeting base metals (principally copper and iron), PGEs, silver, nickel, gold and uranium as part of the Ross River Project. Thirty-five sub-blocks from the central area of the EL have been deemed less prospective and are being relinquished. This leaves 27 sub-blocks in the west and 29 sub-blocks in the east. During mid 2010, Year 5 of tenure, rock chips samples were taken from a suite of pegmatites that trend NE-SW in diorite and other host rocks in the centre of EL 24917. Some sample locations corresponded to radiometric and/or magnetic anomalies. Nine samples were collected in the relinquished area. All host outcrops and samples were tested with handheld XRF. Only two samples warranted laboratory analysis. No significant mineralisation was found. A helicopter geophysical survey was flown in Year 6. There is only partial coverage of the area relinquished. The data for full geophysical survey has already been provided to DME and permission given to open-file it. Hence, no “cookie-cut” geophysical data accompanies this report.

LOCATION, PHYSIOGRAPHY, ACCESS AND LAND USE

Location

EL 24917 is part of the Ross River Project and is located 80 km east of Alice Springs, encompassing an area east of the Ross River Tourist Resort.

Physiography

The Atnarpa Range and an unnamed correspondingly rugged range are close to the north and south boundaries of EL 24917 respectively (Figure 1). From west to east, the area is drained by Camp, Giles and Cleary Creeks. Surface water is impounded for stock use in three named dams on EL 24917. There are no bores. Stocking rates vary depending on the season, but generally few cattle are run the area.

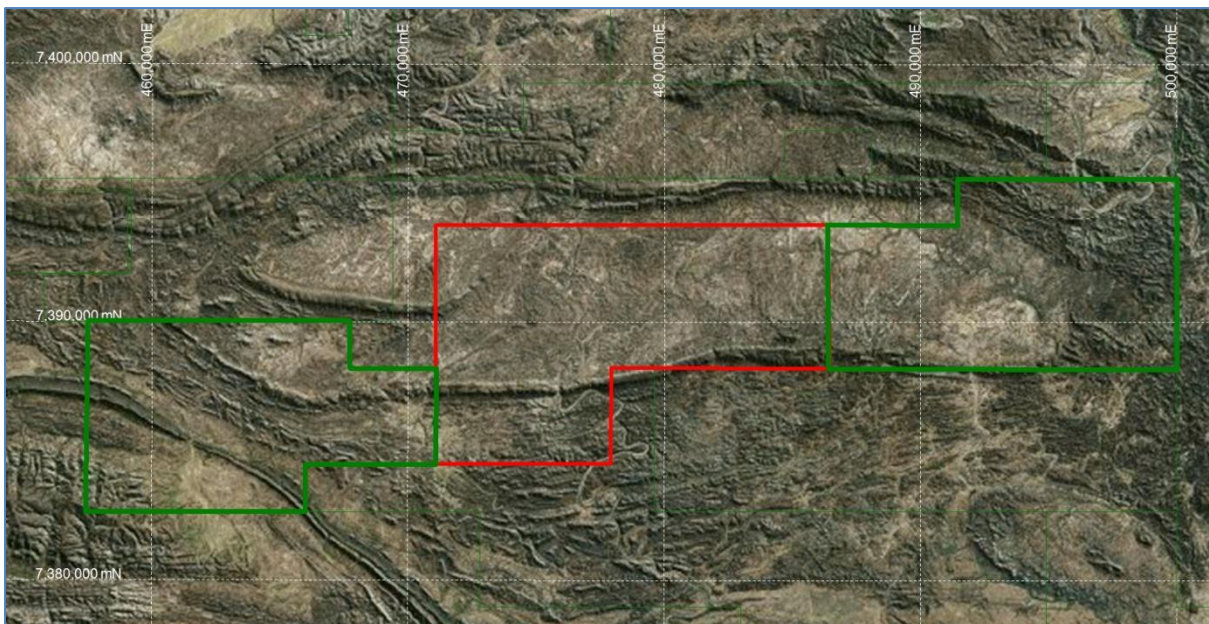


Figure 1. Topography in the project area with the retained portion of EL 24917 in green and the area to be relinquished in red.

Access and Logistics

Access to EL 24917 from Alice Springs is via the bitumen Ross Highway to Ross River Resort. From there, an existing dirt station track runs 21 km east, much of it along Goat Camp Creek. Fly camps and the Ross River Resort are used as logistic bases.

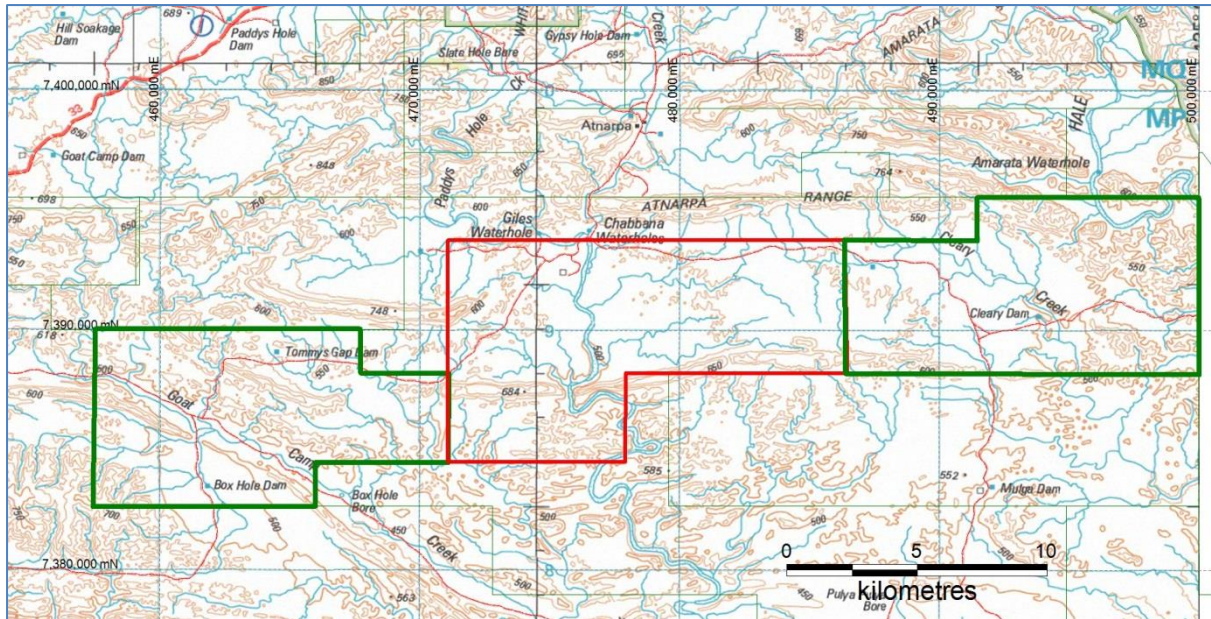


Figure 2. Access to and in EL 24917. Relinquished area in red.

HISTORY OF TENURE AND DME ADMINISTRATION

EL 24917 was granted to Wasabi Energy Ltd on July 11, 2006 for a period of six years.

EL 24917 covered 1,285 km² at grant. In May 2007, Rum Jungle Resources Ltd purchased EL 24917 and other ELs from Wasabi in consideration of shares and share options. After the first two years of tenure, 50% of EL 24917 was relinquished. Further reductions were made at the end of years three and five; reducing the EL to 91 sub-blocks or 286.39 km². A renewal of the full area remaining was requested in June 2012 and subsequently approved. The relinquishment reported here reduces the EL by 35 sub-blocks to 56 sub-blocks or 176.24 km² by dropping the central portion.

EL 24917 was contiguous with other Rum Jungle Resources' ELs 28334 and 28156. During early 2013, EL 28334 was surrendered in full, reducing the Ross River Project to only EL 24917 and EL 28156. These are all included in the Authorisation 0447-002 called the Alice Springs / Ross River Project. The MMP enables the contiguous titles to be worked together. The amended MMP for the 2013 field season on the Ross River Project was submitted to the then DoR on 17/04/2012 and was finally approved by DME on 11/09/2012, almost five months later. The three titles are also considered as a project by the CLC (see below).

NATIVE TITLE AGREEMENTS AND SITES OF SIGNIFICANCE TO TRADITIONAL OWNERS

As the tenement falls on the Aboriginal-owned Loves Creek Station, various exploration agreements have been signed with the Central Land Council and Traditional Owners during the life of the Ross River Project. Most recently, a May 2010 agreement was amended in October 2011 to reflect changes to the areas and numbers of ELs in the Ross River Project. The agreement included the provision for site-specific clearances before any major on-ground work could proceed and site-specific clearances for EL 24917 were undertaken prior to all field work. The actual locations of sites of significance, no-go and restricted access areas are held in confidence to the Traditional Owners and are not depicted on any maps here-in.

GEOLOGY

Basement rocks in the 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 tenement area is mainly occupied by the large E-W trending Giles Creek synform, which forms part of the Arltunga Nappe Complex. This synform is comprised primarily of granitic and gneissic units of the Arunta block with pegmatite and aplite dyke swarms and rare ultramafic – serpentinite rocks. The southern part of the tenement is occupied by Amadeus Basin sedimentary rocks, with the basal Heavitree Quartzite bordering the Giles Creek Synform, followed by the younger Bitter Springs Formation to the south.

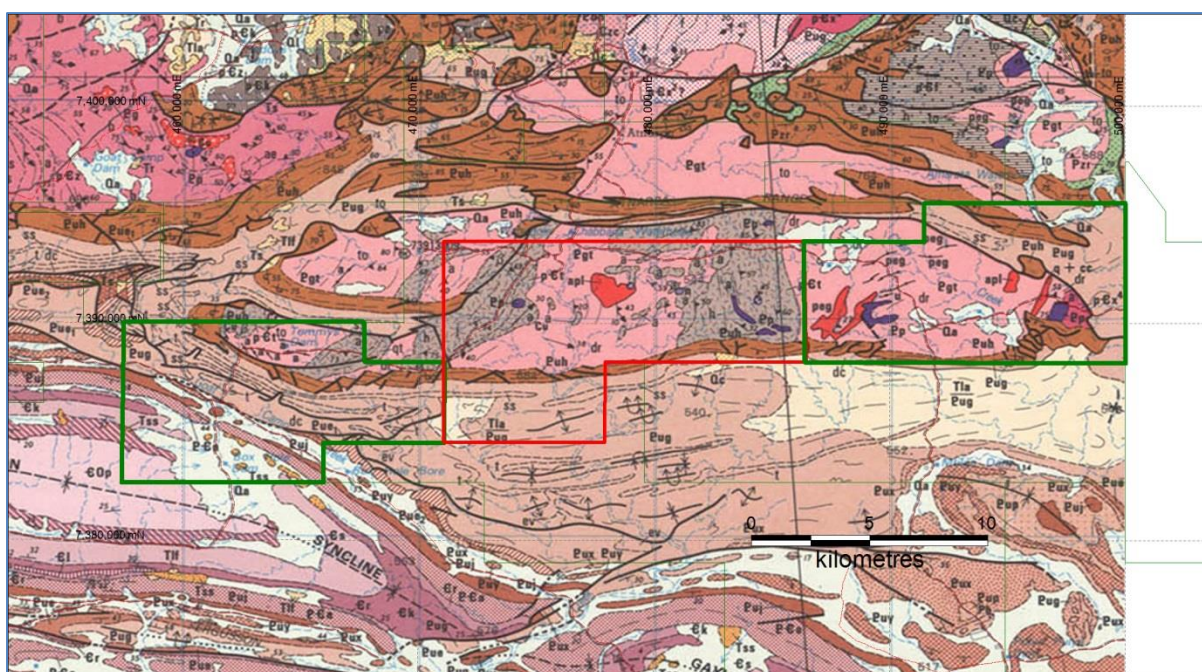


Figure 3. Geology of EL 24917 based on published 250K Alice Springs map.

EXPLORATION RATIONALE

EL 24917 was initially being explored principally for uranium. Aerial geophysical surveys were used to determine radiometric (uranium) targets which were ground-truthed and drill targets developed. It was also considered prospective for base metals (especially iron and copper), PGEs, silver, and possibly gold. As exploration projects matured and in response to changing commodity prices and perceptions, uranium became a lower priority target commodity for Rum Jungle Resources generally, and on EL 24917 specifically. However, the standout Mulga Dam 1 uranium target, within the area retained warranted drilling and this was finally undertaken in Year 7. No significant uranium was found which led to a complete review of the prospectivity of EL 24917 and the decision to relinquish the area currently being reported.

EXPLORATION PRIOR TO RUM JUNGLE RESOURCES

There has been little previous exploration in the area relinquished. Exoil explored within the greater area in the 1960s. Results were disappointing. In the 1970's, Esso Exploration conducted airborne and ground radiometric surveys, costeaming and drilling on a number of uranium anomalies and prospects in the overall Ross River/Arltunga area. Pancontinental conducted large stream sediment sampling programs between 1989 and 1991 and found a number of base metal anomalies that were not followed-up. CRAE explored for diamonds during the early 1990s and, as Rio Tinto, also conducted stream sediment sampling programs in 1991-1992. During the late 1990s, Rio revisited the Cleary Creek area under EL 9330 as part of their Central Basins Copper Project. They undertook regional surface sampling but failed to locate any worthwhile anomalies. Most of their sampling was outside of EL 24917. From 2001 to 2003, Gutnick Resources used a Witwatersrand model to explore for gold mineralisation along the contact of the Amadeus Basin and basement. No work was undertaken on what is now EL 24917.

WORK BY RUM JUNGLE RESOURCES IN THE RELINQUISHED AREA

YEAR 1

In the first year of tenure, and as due diligence on Wasabi Energy Ltd, Rum Jungle Resources conducted an airborne geophysical survey and a brief on-ground geological reconnaissance over selected areas of better access. None of this was in the area relinquished.

YEAR 2

During the second year of tenure, fieldwork concentrated on ground-truthing radiometric anomalies identified from government geophysical surveys in what was then the western and southern part of the tenement. There was no work in the portion now being relinquished.

YEAR 3

During the third year of tenure, a geological reconnaissance trip and surface sampling was undertaken but no samples were collected from the relinquished area.

YEAR 4

There was no work on the relinquished portion in Year 4 of tenure.

YEAR 5

Year 5 – Hand-held XRF Reconnaissance and Rock Chip Sampling

During mid 2010, hand-held XRF reconnaissance was conducted across the EL. Rock chip samples were taken from a suite of pegmatites that trend NE-SW in diorite and other host rocks in the centre of EL 24917. Some sample locations corresponded to radiometric and/or magnetic anomalies. Nine samples were collected in the relinquished area. All host rock sample sites and the nine samples were tested multiple times with handheld XRF. Such XRF results are considered only quantitative and are not reported. Only two samples warranted laboratory analysis.

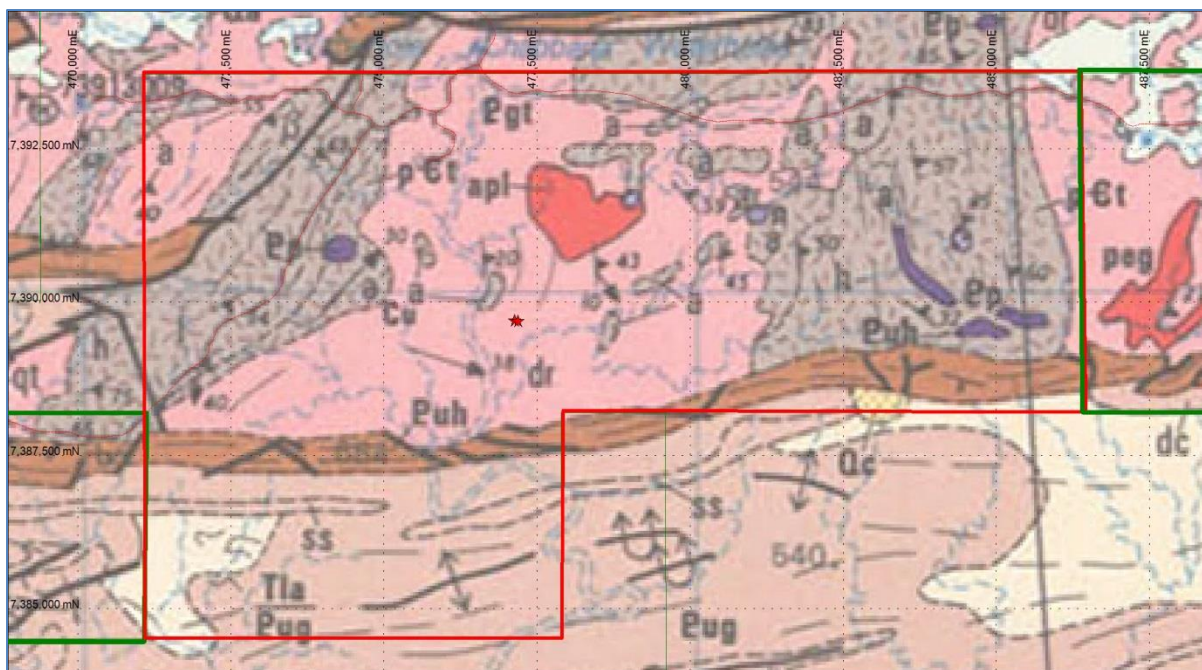


Figure 4. The two laboratory-assayed rock chip locations (red stars) plot almost on top of each other at this scale.

Analysis was undertaken by AMDEL using ARM10 (ICPMS) and IC4M (whole rock analysis by total fusion with majors by ICPOES and traces by ICPMS). Full details of these are in the accompanying digital files. The results are summarised below. Locations are GDA94 MGA UTM53S. No significant mineralisation was found.

SampleID	North	East	Ag	As	Au	Bi	Co	Cu	Ni	Pb
			ppm	ppm	ppb	ppm	ppm	ppm	ppm	ppm
4432	7389705	477137	<0.05	2.5	1	<0.1	5	6.5	9	2.5
5439	7389696	477190	<0.05	<0.5	4	<0.1	21	6	85	3

Table 1. Laboratory-assays for the two rock chips from the relinquished area.

YEAR 6

Year 6 – Geophysical Survey

A helicopter geophysical survey was flown (Figure 5) in Year 6. A helicopter was chosen over fixed wing because of the rugged topography. The specifications of the full survey are given below. Note that there is only partial coverage of the area relinquished. The data for full geophysical survey has already been provided to DME and permission given to open-file it. Hence, no “cookie-cut” geophysical data accompanies this report.

Date of Survey: 6-7/2011

Survey Type: Aeromagnetics/Radiometrics

Survey Height: 40m

Line Spacing: 100m

Tie Line Spacing: 1000m

Total Line Kilometres: 4864 km

Area Surveyed: Area 1, Area 2, Area 3 & Area 4

Datum: Geocentric Datum of Australia (GDA94)

Equipment:

Aircraft Type: R44 Helicopter (VH-HBT).

Magnetometer: Boom (stinger) mounted in a Robinson R44 helicopter

- Geometrics Cs vapour magnetometer G823B with precision counter.

- Billingsley TFM100G2 vector magnetometer.

Base Magnetometer: 2 x Geometrics portable proton precession base magnetometers (SN 278172 & SN 278171).

Spectrometer: Model RSX-4 16L integrated gamma detector & spectrometer.

Radar Altimeter: Model PT200 allied signal (Bendix-King) KRA-405B radar altimeter and accessories.

Climatic Observations: Vaisala barometric and temperature/humidity module. (SN D3250014)

Onboard Computers: ZDAS Acquisition and navigational control module.

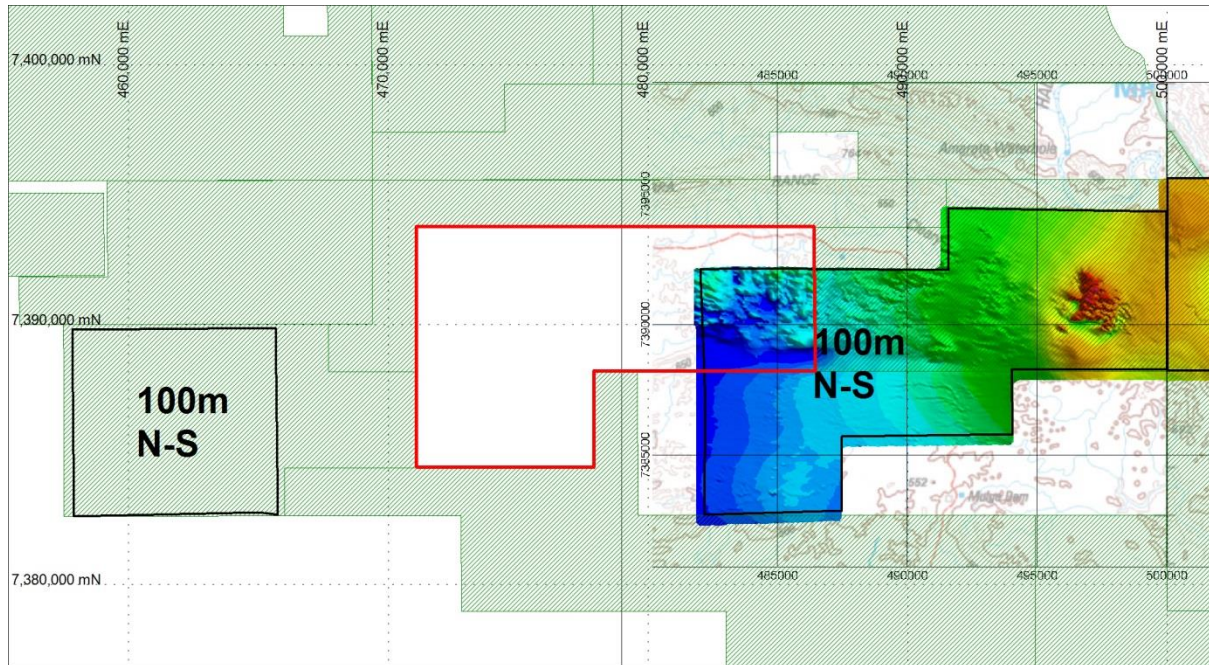


Figure 5. Geophysical coverage acquired over EL 24917, showing line spacing, flight directions and TMI image. The red polygon is the area relinquished. Note that there is only partial coverage. The full geophysical data set has already been open-filed.

Year 6 – Remote Sensing Study

ASTER images obtained gratis from NTGS and LANDSAT thematic images were examined and found to be of limited use at prospect scale. None of the ASTER iron derivatives were able to resolve known ironstone in outcrop and several of the other ASTER mineral maps contained very poor stitches in the area of interest.

Year 6 – Reprocessing and Reinterpretation of Geophysical Data

During Year 6, Southern Geoscience and Bruce Craven were contracted to reprocess and interpret the open file geophysical data in conjunction with that acquired for Rum Jungle Resources. No new geophysical data was acquired in Year 6. No significant targets were located in the area relinquished.

Year 6 – Conceptual Targeting and Target Ranking for the Ross River Project

Conceptual work by Rum Jungle Resources continued during Year 6, with a revision of the previous work using geophysical and spectral data. A new desk top target generation study was undertaken across the whole Ross River Project with the aim of ranking all the targets. This work downgraded the prospectivity of the central portion of EL 24917.

REHABILITATION

No tracks were constructed and no drilling was undertaken in the relinquished portion. Hence no rehabilitation is required on the relinquished portion.

CONCLUSIONS AND RECOMMENDATIONS

The central portion of EL 24917 was deemed to be less prospective for the target commodities and the area has been relinquished.
