Titleholder: Rum Jungle Resources Limited
Operator: Rum Jungle Resources Limited
Tenement Manager: Ross McColl
Tenement: EL 23791 & EL 23921
Project Name: Mount Goyder, Top End Project
Report Title: Combined ninth annual report for EL 23791 & EL 23921, Mount Goyder NT, period ended 18/12/2012
Author: John Dunster and Nigel Doyle
Corporate Author: Rum Jungle Resources Ltd
Target Commodity: Uranium, gold, base metals
Date of Report: 11/02/2013
Datum/Zone: GDA94/ Zone 52
250K mapsheet: Darwin SD 5204
100K mapsheet: Mary River 5272
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SUMMARY

Drilling that had to be postponed from year eight was completed in year nine of tenure. At the historical Anomaly 7 gold prospect on EL 23921, 33 air core holes were drilled for 1166 m. The best results were: 4 m @ 0.20 g/t Au from 20-24 m in MGAC023, 4 m @ 0.15 g/t Au from 16-20 m in MGAC010, and 4 m @ 0.12 g/t Au from 40-44 m in MGAC024. These results downgrade the prospectivity of Anomaly 7 and future work will now focus on the Annaburroo Dome on EL 24468 and EL 25165. There was little on-ground work on the contiguous EL 23791 during the reporting year. Possible geophysical targets were ground-truthed.

Expenditure on EL 23921 was $113,026 against a covenant of $42,500. Admissible expenditure on EL 23791 was less than $2,000 and did not meet the covenant of $34,000.
LOCATION, ACCESS AND LAND USE
EL 23791 and EL 23921 are located 110 km ESE of Darwin along the Arnhem Highway straddling the Mary River. They are located on the Darwin 1:250,000 Geological Map and the Mary River-Point Stuart 1:100,000 sheet. The northern portion of EL 23921 is swampy ground and covered by National Park. This EL also covers Clarks Crossing and Mount Goyder. The area in and around EL 23791 includes numerous old quarries, old workings and abandoned mines. The Bark Hut Inn was used as a logistic base. Rum Jungle Resources’ co-ordinates are captured in the GDA94 datum.

HISTORY OF TENURE, JOINT VENTURES AND DME ADMINISTRATION
EL 23791 and EL 23921 were granted to Territory Iron Limited for six years on the 21/01/2004 and 18/12/2003 respectively. The two tenements together originally covered 129 km² (23 graticular blocks on EL 23971 and 16 on EL 23921) and were evaluated in the first four years for iron ore by Territory Iron Ltd. On the 30/05/2008, Rum Jungle Uranium Limited signed a uranium joint venture agreement with Territory Resources over three tenements at Mary River (EL 24468, 23791 and 23921) and three south of Batchelor (EL 24412, 25203 and 25204) in return for shares and share options.
Rodney Johnston and Motoo Sakurai (deceased) are entitled to payments by Rum Jungle Resources Ltd under a longstanding agreement carried over from the former titleholders. These payments amount to over $5,000 collectively for each EL during the reporting period but have not been included as admissible expenditure.
On the 23/12/2008, Rum Jungle Resources upgraded the joint venture to include all minerals excluding iron ore and manganese in return for giving Territory Resources a further four million shares. EL 23921 and EL 23791 was transferred from Territory Resources Limited to Rum Jungle Resources Ltd on 22 March 2011.
EL 23791 was partially relinquished in 2008 to only 12 blocks (39.2 km²). EL 23921 has not been reduced, still being 16 graticular blocks or 53.6 km². EL 23921 was renewed on 19/04/2012 and EL 23791 was renewed 07/02/2012.
ELS 23921 and 23791 are contiguous with other Rum Jungle Resources-operated ELs 24468 and EL 25165 (Rum Jungle Resources - Uranex JV).
Group reporting for ELs 23921 and 23791 has previously been approved by DME. The project is included in DME Authorisation 0450-02 under the Mining Management Act.
EXPLORATION RATIONALE
Rum Jungle Resources Ltd holds the area in high regard due to its spatial relationship with both the Mt Bundey Granite and Mt Goyder Syenite. The geological models proposed for the deposition of gold, base metals, uranium and iron in the area are fundamentally related to the emplacement of these intrusive bodies and their subsequent release of mineral-rich fluids into the surrounding country rock. The early stages of exploration by Rum Jungle Resources were geophysically-driven. More recently, exploration has relied heavily on systematic surface geochemical sampling and shallow grid drilling to generate targets which are then drill tested.

GEOLOGICAL SETTING
EL 23791 and EL 23921 are located in the central domain of the Proterozoic Pine Creek Orogen (PCO) in the Top End of the Northern Territory. The tenement geology primarily consists of graphitic-carbonaceous siltstone and dolomitic siltstone of the Palaeoproterozoic Wildman Siltstone which is intruded by the Mount Bundey Igneous Suite (1831 Ma) which comprises the Mount Bundey Granite, Mount Goyder Syenite and associated lamprophyre dykes.

In the centre of EL 23921 (Figure 2), the thorium-rich and magnetic Mount Goyder Syenite intrudes Wildman Siltstone. The Mount Goyder Syenite is a pink-brown medium to coarse grained porphyritic syenite and comprises about 30% of the Mount Bundey pluton which also includes the Mount Bundey Granite (70% by volume), a pink medium to coarse grained biotite-hornblende monzogranite with minor fine grained porphyritic monzogranite which intruded at 1831 Ma.

The hard-rock geology of EL 23791 is mainly comprised of the Mt Bundey Granite and the surrounding Wildman Siltstone. In the south and east of the tenement the granite is bordered by the South Alligator Group which overlies the Wildman Siltstone and is composed of the iron-rich Koolpin Formation, the Gerowie Tuff (1862 Ma) and the overlying Mount Bonnie Formation. The Mount Bonnie Formation conformably grades into the overlying Burrell Creek Formation of the Finniss River...
Group which occupies a large area of the central domain of the PCO, although not present on EL 23791.

A 300 m wide hornfels zone exists around both the Mount Goyder and Mount Bundey intrusions. The hornfelsed sediments were originally carbonaceous and dolomitic siltstones of the Koolpin Formation and Wildman Siltstone. Within the hornfels zone, particularly on the western flank of Mount Goyder, skarn mineralisation consisting of magnetite, pyrrhotite, chalcopyrite and allanite, occurs in lenses dipping away from the syenite contact.

The Mount Bundey igneous suite also comprises K-rich shoshonitic lamprophyres and felsic dykes. The intrusion injected gold, uranium, base metal and iron bearing fluids into surrounding country rocks producing the rocks mined at Tom’s Gully Gold Mine, the Quest gold and base metal deposits and the Mount Bundey Iron Ore mine.

![Figure 2. Local interpreted geology of EL 23921 and EL 23791.](image)

**PREVIOUS EXPLORATION BY OTHERS**

The Anomaly 7 prospect on EL 23921 was found in the late 1980s when Newmont Australia identified float samples up to 7.94 g/t Au and grab samples up to 30.8 g/t Au. Three poorly outcropping auriferous veins associated with a dark brown colour on airphotos were located on what was believed to be the limb of a faulted anticline. The “Discovery Outcrop” returned 15.8 g/t Au, 875 g/t Ag, and 12.6% Pb from selective sampling.

A total of 735 m of costeans were dug by Newmont. The trenches were mapped as NE-striking SE-dipping siltstones cut by several highly-altered narrow dykes and quartz vein sets less than 20 cm thick. These were overlain by about 1 m of transported laterite gravel. The costeans were sampled using 5 m composite chip samples and 20 kg channel samples with generally disappointing results. Channel samples over the site of the Discovery Outcrop returned 1 m at 2.52 g/t Au with 3.5 g/t Ag and 3 m at 1.92% Pb. This was considerably less than the selective surface samples.

Newmont drilled five 5” diameter RC holes for 240 m, all clustered within 200 m of the Discovery Outcrop. The best intercept was a disappointing 1 m at 0.83 ppm Au from 9 m to 10 m depth in the first hole which was drilled immediately adjacent to the Discovery Outcrop.
In the mid 1990s, North Ltd drilled the MGP series of holes nominally 100 m apart along 500 m spaced east-west lines. These were designed to test any southern strike extension of the Anomaly 7 veins and the western contact of the Mount Goyder Syenite. Results were disappointing.

PREVIOUS EXPLORATION UNDER EL 23791 AND EL 23921
During the first four years of tenure, Territory Resources conducted a review on the historical literature and geophysical data. UTS Geophysics flew a 2,547 line km magnetic/radiometric survey at 80 m line spacing (25 m flying height over the tenement). The survey identified up to nine magnetic anomalies to follow up, targeting iron mineralisation. As a result, 4 RC holes were drilled on what is now known as Anomaly 2 and Anomaly 3 in 2006. Drilling intersected pyritic and pyrrhotitic siltstone and dolomite below clay overburden on Anomaly 2, which returned anomalous copper and cobalt at depths less than 40 m.

Rum Jungle Uranium Ltd (now Rum Jungle Resources Ltd) commenced exploration in the second half of 2008 after signing a uranium joint venture agreement with Territory Resources Ltd in May 2008.

The following work was carried out during the fifth year of tenure, in the dry season of 2008:

**EL 23791**
- 6 rock chip samples collected. The best rock chip result was from a jarosite-altered greisen outcrop in the Billabong area, 1 km north-west of Mount Goyder, where MG08001 returned assay results of 59 ppb Au, 1150 ppm Bi, 1140 ppm Cu and 39.1% Fe.
- 31 RAB holes for 652 m. Shallow reconnaissance RAB drilling, targeting gossanous outcrop at the Billabong area 150 m from the above jarosite outcrop reported a best intercept of 2 m @ 0.2 g/t Au, 1.85 g/t Ag, 2.5% As, 4030 ppm Cu and 1,067 ppm Bi.
- 16 RC holes (1,128 m) were drilled. Low grade polymetallic radioactive skarn mineralisation was intersected in seven of the 16 RC holes on the western fringe of
Mount Goyder. Mineralisation contains uranium, copper and rare earth oxide with anomalous cobalt, vanadium, silver, iron and sulphur.

**EL 23921**

- 21 rock chip samples collected.
- 11 RC holes drilled for 810 m. Skarn mineralisation was intersected in a number of holes at anomaly 1 and 4 at Mount Goyder.
- 28 RAB holes drilled for 641 m.

Seven petrographic samples consisting of RC drill chips were submitted to Pontifex & Associates to make polished thin sections and for detailed petrographic analysis. Analysis indicated that the mineralised samples were either magnetite skarn- or sulphide skarn-dominant with one sample MGRC021-041 being a greisen with visible arsenopyrite. The skarn samples variously contained magnetite, pyrrhotite and clinopyroxene with minor chalcopyrite. Rare earths and uranium were most probably contained in allanite. Two types of hornfels of differing mineralogical content were described; a dark grey hornfels and a light grey hornfels. A sample taken from the Billabong prospect was confirmed to be scorodite and jarosite with visible arsenopyrite.

**Work during the sixth year of tenure included:**

**EL 23791**

- Six rock chip samples were taken at the Billabong prospect during the year from an area of a green scorodite and jarosite altered outcrop with visible arsenopyrite and the immediate surrounds. Best results include 14.4 g/t Au, 4.3 g/t Ag, 28.3% As, 1.1% Bi, 314 ppm Cu and 0.88% W. A number of samples were also analysed in-house with a Niton XLT3 hand held XRF analyser which indicated highly anomalous copper, cobalt, bismuth, tungsten and arsenic at the Billabong gossan and a large arsenic anomaly over the jarosite prospect nearby.
- 16 RC drill holes for 1,461 m targeting:
  1. The Mount Goyder skarn prospect - uranium and Polymetallic mineralisation in magnetite skarn and sulphide skarn rocks and dark green-grey hornfels at the Mt Goyder skarn prospect. Nine holes for 951 m.
  2. Billabong prospect - gold and polymetallic mineralisation in a thin gossan and a scorodite and jarosite greisen outcrop at the Billabong prospect. Six RC holes were drilled during 2009 for 510 m (BBRC001-006).
  3. Goanna Park base metal prospect - on the north western side of Mount Bundey on the western side of the Mary River. Three RC holes were drilled during 2009 for 312 m (MBRC019-021).
- Borehole Wireline Pty Ltd were contracted to run gamma and density probes down drill holes as well as down hole surveys (dip and azimuth) and optical imaging of selected holes. One of the logged holes was captured with a down hole optical camera for 118 m. Structural information could then be measured from the image. In some cases, Borehole Wireline could not survey the complete hole due to collapsing and caving at depth.
EL 23921

- 13 RC drill holes for 1,143 m targeting the Mount Goyder skarn prospect - uranium and polymetallic mineralisation in magnetite skarn and sulphide skarn rocks and dark green-grey hornfels at the Mt Goyder skarn prospect.

- Borehole Wireline Pty Ltd were contracted to run gamma and density probes down drill holes as well as down hole surveys (dip and azimuth) and optical imaging of selected holes. One of the logged holes was captured with a down hole optical camera for 48 m and structural information was then be measured from the image. In some cases, Borehole Wireline could not survey the complete hole due to collapsing and caving at depth.

Processed TEMPEST data was received during the sixth year of tenure. Ninety line km of airborne TEMPEST surveying was flown at 333 m line spacing by Fugro Airborne as part of a larger survey over the entire Pine Creek Orogen. TEMPEST was also flown to the south, over EL 23791 and EL 23921 in an E-W direction for 56 line km. Initial inspection of the conductivity depth images (CDI’s) indicated that the TEMPEST system mapped the graphitic black siltstone unit of the Wildman Siltstone very well.

A Heli –VTEM electromagnetic survey was flown by Geotech Airborne in May 2009. The Mt Bundey Survey comprised six areas flown in various directions at 200 m line spacing. Section A571-4aM was then chosen for infill at 100 m line spacing. Profiles for each flight line were received in July 2009 after processing by Southern Geoscience Consultants.

Four holes were drilled late in July (MGRC042 – 044 & MGRC048) targeting three VTEM anomalies under black soil floodplains. The holes intersected siltstone and carbonate units with sulphides (mainly pyrite). Graphitic black siltstone and minor sulphide mineralisation explained the VTEM anomalies and nothing economic was discovered.

**During the seventh year of tenure,** consulting geochemist Richard Mazzuchelli, spent three days with the exploration team looking at the best sampling medium and discussed the best analytical techniques for this project. The purpose of the visit was to try to differentiate between mineralised VTEM conductors and non-mineralised VTEM conductors, many of which are due to graphitic black shales and many of which are buried under black soil floodplains. It was decided that soil was the best sampling medium and Aqua Regia Digest (ARM10) method at Amdel Laboratories was the best and most cost-effective analytical method. Also in Year 7, during August 2010, Rum Jungle Resources completed orientated soil sampling grids over two prospects on EL 23921 and collected a total of 196 samples. Soil sampling was conducted at Mt Goyder East and over a VTEM anomaly at Merv’s using a pick to dig small holes approximately 20-30 cm deep. Soil was collected by a scoop and sifted through a <2 mm sieve. A small amount (ca 200 g) of undersize was then bagged.
Mt Goyder East Target
A 50 m x 50 m grid was used over Mt Goyder East to collect a total of 89 soil samples. After analysing the results, only a few statistically significant results were found. These included elevated Fe, Mn, Zn and one anomalous Au sample with 15 ppb Au (123029). It was decided that these results were not good enough to warrant an RC drilling program.

Merv's Target
A 50 m x 100 m grid was completed over a VTEM anomaly at Merv's on a black soil floodplain of the Mary River. Only statistically anomalous Au was returned, with two samples assaying 22 ppb (123106) and 24 ppb (123122) Au. In hindsight, and contrary to professional advice, there was some uncertainty as to the reliability of these results because it seemed unlikely that soil geochemistry could successfully detect mineralisation below at least 20 m of probably recently transported black soil overburden. A proposed drilling program, based mainly on the geophysical interpretation, was submitted to the then DoR.
During year eight, little on-ground work could be done on the two tenements. In August 2012, holes were pegged ready for drilling with a rig booked for early September. However, a delay in the DoR’ approvals for the Mine Management Plan (14th August 2001-submittal and 14th October- approval) meant that the rig had to be cancelled. It also pushed the scheduled drilling into the Top End Wet Season. Indeed, access on the black soil plains proved impossible from late September. The whole Top End program including both EL 23921 and 23791 was then re-evaluated to prioritise and rank targets, to maximise the amount of work to be undertaken in the 2012 dry season, and to work these ELs at the same time as other contiguous Rum Jungle Resources’ titles.

CURRENT EXPLORATION – YEAR 9
Drilling that had to be postponed from year eight was completed in year nine of tenure. Emphasis had shifted to the Anomaly 7 prospect on EL 23921. Rum Jungle Resources drilled Anomaly 7 away from the area focussed on by previous explorers, targeting the continuation of the vein sets along strike and down dip to the east by infilling between the lines of previous drilling and extending one North Ltd line to the east (Figure 7). This area was anomalous on the Newmont BLEG sampling but not tested by them or by North Ltd. Rum Jungle Resources undertook an aircore drilling program of 33 holes for 1,166 m (including three re-drills/infills). A separate drilling report is appended. The drilling grid covered a north-south trending, east-dipping major quartz vein set and/or fault on the western edge of the Mount Goyder syenite intrusion. This zone corresponds to a vegetation anomaly visible on Google Earth (Figure 8). A total of 301 samples were sent to AMDEL for analysis for Au, Ag and As using the ARM 10 technique.

The best results (Figure 9) were:

- 4 m @ 0.20 g/t Au from 20-24 m in MGAC023
- 4 m @ 0.15 g/t Au from 16-20 m in MGAC010
- 4 m @ 0.12 g/t Au from 40-44 m in MGAC024

These results downgrade the prospectivity of Anomaly 7. All digital assay data accompany this report. Both MRT and Excel formats are provided.
Figure 7. Rum Jungle Resources’ drilling in green shown in relation to historical North Ltd work in red and Newmont drilling at The Anomaly 7 prospect itself in purple. The interpreted area of the Mount Goyder Syenite is plotted.

Figure 8. A north-south vegetation anomaly (between the red ticks) corresponding to Anomaly 7. The structure is now known to dip to the east.
Figure 9. Close-up of the drilling conducted at Anomaly 7 on EL 23921, showing the best intersections.

Only very limited on-ground work was conducted on EL 23791, primarily to ground-truth possible geophysical targets.

PROPOSED EXPLORATION ACTIVITY AND EXPENDITURE - YEAR 10
EL 23921

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### CONCLUSION AND RECOMMENDATIONS

The results of systematic drilling at Anomaly 7 downgrade its prospectivity and future work will now focus on the Annaburroo Dome on EL 24468 and EL 25165.