THIRD ANNUAL REPORT FOR EL 24468

MOUNT GOYDER SOUTH

PERIOD ENDED 15/12/2008

RUM JUNGLE URANIUM LTD

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Contents

SUMMARY ...............................................................................................................................................3
INTRODUCTION .......................................................................................................................................4
GEOLOGICAL SETTING ...............................................................................................................................4
PREVIOUS EXPLORATION ..........................................................................................................................6
CURRENT EXPLORATION ..........................................................................................................................6
PROPOSED EXPLORATION ACTIVITY YEAR 4 .........................................................................................7
PROPOSED EXPENDITURE YEAR 4 ...........................................................................................................7
CONCLUSION ...........................................................................................................................................8
REFERENCES ............................................................................................................................................8

Appendix 1: Rock Chip Assay Results
SUMMARY
During the third year of tenure, radiometric prospecting with hand held scintillometer was carried out; 33 rock chip samples were collected and an airborne EM survey (157 line km) was undertaken at 333m line spacing (infill survey as part of Geoscience Australia’s Pine Creek EM Program). Rock chip results are included in Appendix 1 however it is not known if the airborne program has been fully completed. EM data are not expected until mid 2009.
Best rock chip results were 2 g/t Ag in sample MB08100, 1190ppm Pb in sample MB08200 and 7120ppm Zn in sample MB08204. Assay results for 6 samples are still pending.

All co-ordinates are in GDA94.
Expenditure for the year was $22 636

Figure 1. Location Map
INTRODUCTION
EL 24468 was granted to Territory Iron for 6 years on the 16th December 2005. The tenement covers 107 square km and was evaluated in the first two years for iron ore by Territory Iron Ltd. On the 30/5/2008 Rum Jungle Uranium Limited (RJU) signed a uranium joint venture agreement with Territory Resources over three tenements at Mary River (EL24468, 23791 and 23921) and three south of Batchelor (EL24412, 25203 and 25204) in return for shares and share options. Rum Jungle must spend a minimum $250 000 on the tenements prior to September 2009 to acquire 100% uranium rights and other minerals associated with uranium mineralisation.

The tenement is located 100km ESE of Darwin along the Arnhem Highway, east of the Mary River. It is located on the Darwin 1:250 000 Geological Map and the Mary River-Point Stuart 1:100 000 sheet.

GEOLOGICAL SETTING
EL 24468 is 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 weathered siltstones of the Palaeoproterozoic Wildman Siltstone Formation which is the basal unit of the Mount Partridge Group in the northern half of the tenement whilst the South Alligator Group occupies the southern half of the tenement. The South Alligator Group 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. To the north and west of the tenement, The Mount Bundy Igneous Suite comprising the thorium rich and magnetic Mount Goyder Syenite and the paler pink Mount Bundey Granite intruded the Wildman Siltstone and South Alligator Group sediments around 1853 Ma.

The Mount Bundey intrusion injected gold, uranium, base metal and iron bearing fluids into surrounding country rocks producing Tom’s Gully Gold Mine, the Quest gold and base metal deposits and the Mount Bundey Iron Ore mine.

The feature of EL 24468 is folded strike ridges of the South Alligator Group south of the Arnhem Highway (Figure 2).
Figure 2. Local Geology and rock chip sample locations
PREVIOUS EXPLORATION
In year 1, Territory Resources explored the tenement for its iron ore potential collecting 16 rock chip samples. One RC hole (MBRC018) was also drilled to 73m intersecting minor hematite between 41 and 48m (Vivian and Lascelles, 2007).

In year 2, Territory Iron conducted geological traversing, ground scintillometer surveys and contracted Doug Barrett to assess the airborne radiometric data (Weatherly 2008).

CURRENT EXPLORATION
Thirty rock chip samples were collected along Koolpin Formation strike ridges south of the Arnhem Highway. The Koolpin Formation consists of iron rich outcrops at surface and pyritic-graphitic siltstone at depth. Around the Mount Bundey area, the Koolpin Formation is regionally anomalous marker bed due to its radioactivity. Rock chip results show the Koolpin to be anomalous for silver, base metals, iron and uranium (Table 1). All rock chip assay results are included in Appendix 1.

Three other rock chip samples were taken in the northwest corner of the tenement around a prospect called Donkey Hill which was explored for gold previously by Newmont. Assay results are pending for these samples taken in the Wildman Siltstone.

<table>
<thead>
<tr>
<th>Sample</th>
<th>Easting</th>
<th>Northing</th>
<th>Ag ppm</th>
<th>Cu ppm</th>
<th>Mn ppm</th>
<th>Fe %</th>
<th>Pb ppm</th>
<th>Zn ppm</th>
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<tbody>
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<td>795858</td>
<td>8574111</td>
<td>86.2</td>
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<td>1060</td>
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<td>792022</td>
<td>8571898</td>
<td>21.4</td>
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<td>1190</td>
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<td>88</td>
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<td>250</td>
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<td>106</td>
<td>1610</td>
<td>37.3</td>
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Radiometric prospecting shows the Koolpin to be anomalous without any spectacular results within EL24468. The Koolpin Formation ridges were walked and prospected in the absence of new radiometric data for EL24468.

A TEMPEST EM survey (157 line km) is currently being flown at 333m line spacing (Figure 3) as part of an infill survey in conjunction with Geoscience Australia’s Pine Creek EM Program. RJU has received and payed an invoice for 30% of payment for the survey which was started in November/December 2008 but RJU is unsure how much of the survey has been completed. RJU is not expecting results until early-mid 2009. Any potential EM targets will be field checked and possibly followed up with drilling in the latter part of 2009 if warranted.
Uranium mineralisation will be targeted at depth within the Koolpin Formation at the contact between graphitic and pyritic black shale and underlying carbonate-dolomite beds. This skarn type setting is a regional exploration target around Mount Bundey and the Pine Creek Orogen in general for uranium, gold and base metal mineralisation. It is hoped the EM data will highlight pods or zones of massive sulphide, skarn mineralisation or graphite zones hosting uranium.

**Figure 3. Magnetic Image with EM Flight lines**

**PROPOSED EXPLORATION ACTIVITY YEAR 4**
Follow up anomalous rock chip samples on the Koolpin Formation ridge south of the highway. Further investigate the previous exploration history of the Donkey Hill area. Analyse the EM data when received and follow up any anomalies on the ground prior to a decision to drill test.

**PROPOSED EXPENDITURE YEAR 4**

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<th>Activity</th>
<th>Amount</th>
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<tr>
<td>Wages</td>
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<td>Travel /Accomodation</td>
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CONCLUSION
Rock chip sampling during 2008 highlighted areas for follow up in 2009. EM data for target generation will not be received until early 2009 at best so any field work will be carried out mid 2009 and possible drilling late in 2009 if warranted.

REFERENCES