Titleholder: Uranex Limited
Level 3, 15 Queen Street
Melbourne, VIC 3000

Operator: Rum Jungle Resources Ltd

Tenement Managers: Complete Tenement Management (RUM)
AMETS (Uranex)

Tenement: EL 25165

Project Name: Mount Goyder(RUM)/Swim Creek(Uranex)

Report Title: Seventh annual report for
EL 25165, period ended 06/11/2013
(amended 28/07/2014 with one hole relocated)

Authors: John Dunster and Nigel Doyle

Corporate Author: Rum Jungle Resources Ltd

Target Commodity: Gold and uranium

Date of Report: 02/01/2013

Datum/Zone: GDA94/Zone 52

250K mapsheet: Darwin SD52/04

100K mapsheet: Mary River 5272

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RUM Server

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SUMMARY

EL 25165 is in the Mary River region, approximately 100 km east-southeast of Darwin. The EL is held 100% by Uranex Limited but is operated by Rum Jungle Resources as part of a joint venture in which Uranex retains uranium rights. Rum Jungle Resources has been exploring EL 25165 principally for gold. During Year 7, four rock chip samples were taken and six RC holes were drilled for 666 m, with a maximum depth of 133 m. Three holes targeted geophysical anomalies. Three were drilled at the historical Donkey Hill gold prospect in the Annaburroo Dome. The Donkey Hill prospect extends onto Rum Jungle Resources’ contiguous EL 24468 and three holes were also drilled there. In the opinion of Rum Jungle Resources, the overall results of 2013 drilling have downgraded the gold prospectivity of the Donkey Hill prospect and the Annaburro Dome generally. Drilling of geophysical targets during 2013 also failed to intersect any economic mineralisation. The Rum Jungle Resources/Uranex JV needs to assess their respective commitments to EL 25165.

Admissible expenditure for the year was $94,188.11 against a covenant of $73,000.
LOCATION, ACCESS AND LAND USE

EL 25165 is located in the Mary River region, on the western margin of the Kakadu National Park within the Pine Creek Orogen, approximately 100 km east-southeast of Darwin in the Northern Territory. Most of the tenement is on Annaburroo (also spelt Annabarroo) Station, NT Por 4122, which runs cattle. A small area in the east, NT Por 2688, is freehold. The cadastre is shown below.

Access is from Darwin on the Arnhem Highway approximately 130 km to the south east of the tenement, then north on the Point Stuart Road. Accommodation is available at the Mary River Point Stuart Lodge just off the Point Stuart Road. The terrain in the area is mostly low hills with broad plains and swampy ground in the northwest. Vegetation cover is mostly tropical woodland.
HISTORY OF TENURE, JOINT VENTURES AND DME ADMINISTRATION

EL 25165 is held 100% by Uranex Limited. When granted on 07/11/2006, EL 25165 covered approximately 504 km². The area was reduced at the end of Year 3 to 263 km² and a further reduction was made at the end of Year 4 leaving the present 42 blocks (122.19 km²). Renewal was granted on 23/04/2013 for a further two years.

In September 2012, a Farm-In Joint Venture Agreement was signed with Rum Jungle Resources Ltd whereby Rum Jungle Resources could earn 70 % by spending $500,000 and meeting the expenditure covenants. Uranex retained uranium rights. Rum Jungle Resources worked EL 25165 in conjunction with the contiguous EL 24468 to the south (now surrendered) formerly held 100% by Rum Jungle Resources.

Work by Rum Jungle Resources on EL 25165 is sanctioned under the Mining Management Act, DME Mount Bundey Authorisation 0450-02 which includes numerous other ELS.

EXPLORATION AND PROJECT RATIONALE

Uranex is targeting East Alligator River Uranium Field and/or South Alligator Rivers Uranium and/or Rum Jungle Uranium Field-style uranium deposits. This is based on the recognition that the Lower Proterozoic stratigraphy of the area has some similarities to the stratigraphy in these uranium fields.

Rum Jungle Resources is mainly targeting gold deposits similar to Toms Gully, Rustlers Roost and the Quest deposits. The geological setting is a classic tightly folded structure with well-developed faulting and shearing in the axes of anticlines similar to many gold deposits of the Victorian goldfields. Rum Jungle Resources is exploring the whole Annaburroo Dome which contains the Donkey Hill gold prospect. Donkey Hill has historically returned gold assays of up to 39.4 g/t from surface grab samples. Gossanous ironstone veins in the general area have also reported some extremely high gold grades. This prospect straddles the boundary of EL 25165 and former EL 24468.

GEOLOGICAL SETTING

EL 25165 is centrally located in the Palaeoproterozoic Pine Creek Orogen. Older Archean basement domes are situated about 80 km to the east (Nanambu Complex) and 80 km to the west (Rum Jungle Complex).
Most of the outcrop areas are mapped as the Wildman Siltstone (Ppw) of the Mt Partridge Group meta-sediments. The basal unit of the Mt Partridge Group, the Mundogie Sandstone (Ppm) outcrops on the eastern margin of the project and may be under cover in the north. The South Alligator Groups Koolpin Formation (Psk) is located in the far south of the tenement and may occur in synclinal areas under Cainozoic cover elsewhere.

The Whites Formation, which hosts the Rum Jungle uranium mineralisation, may be stratigraphically equivalent to part of the Wildman Siltstone (Ppw) within the tenement.

The Mundogie Sandstone (Ppm), which underlies the Wildman Siltstone, outcrops locally in the tenement. This is thought to be possibly equivalent to the magnetic Upper Cahill Formation further east. Hence the Lower Cahill host equivalent would be stratigraphically below it.

The Koolpin Formation outcropping in the south is the uranium host for the South Alligator uranium mineralisation.

There are isolated remnants of the Jurassic–Cretaceous flat lying sediments (JKp) throughout the tenement.

![Figure 4. Geology of EL 25165, based on the digital version of published Darwin 250K map. The geological codes are explained in the text.](image-url)
PREVIOUS EXPLORATION BY OTHERS

Regional Exploration

The earliest investigations were conducted by Geopeko during the early 1970s following the acquisition of aeromagnetics and radiometrics by the BMR. Geopeko’s efforts were mainly directed towards uranium and, to a lesser extent base metals, and later gold. Targets were investigated by ground geophysics and geochemistry. These programs defined the “Quest” anomalies, which were the focus of their base metal exploration for over four years. Most of the other exploration was for gold and base metals. The main targets were stratabound and stockwork gold mineralisation similar to Woodcutters and Rustlers Roost. Over the next few decades, the same ground was repeatedly taken up, past work assessed, and added to by various techniques and companies. The main players were:

- CRA 1979 to 1982
- Aquitaine 1980
- Newmont Holdings 1987 to 1990
- Carpentaria Exploration 1990
- Sons of Gwalia 1992
- North Mining (Geopeko) 1994 to 1996
- Sirocco Resources – Rustlers Roost Mining 1998 to 2003

They all targeted stratabound and anticlinal targets in the Wildman Siltstone and Koolpin Formation and to a lesser extent the Mundogie Sandstone. Contact and stockwork mineralisation was targeted around the post tectonic, high level, Mt Bundey Granite and the Mt Goyder Syenite.

Figure 5. Historical drilling in black and green, drilling on former adjacent titles by Rum Jungle Resources in red.
Geophysical surveys, stream sediment sampling, soil sampling and drilling were employed at various scales. A number of prospects such as Donkey Hill and Anomaly 7 were located. Rum Jungle Resources tested Anomaly 7 and went on to focus on the Annaburro Dome which contains the historic Donkey Hill gold Prospect.

**Annaburro Dome and Donkey Hill Prospect**

The Donkey Hill Prospect was located during year three of Newmont Australia’s 1980s EL 4703 by following-up anomalous regional drainage samples. The prospect is centred on a set of sulfidic quartz veins which crop out intermittently over a strike length of 160 m on the southern end of the Annaburro Dome. The prospect has historically returned gold assays of up to 39.4 g/t from grab samples of quartz veins. Gossanous ironstone veins in the general area have also reported some extremely high gold grades. A second zone known as Donkey Hill South was identified from grab samples of 50.8 g/t Au and 13.7 g/t Au from different veins. The Donkey Hill South results were erratic and could not be repeated by Newmont.

Five costeans for 165 m were cut across the strike of the main quartz vein set at the Donkey Hill prospect itself and one was extended east to check under cover. The costeans confirmed the existence of three main vein sets. These veins are almost vertical or dip steeply to the east. Five-metre chip samples from the costeans recorded a maximum of 6.68 g/t Au. At Donkey Hill South, 28 m of trenches failed to identify any significant gold or other mineralisation in the subsurface veins.

Newmont drilled four 5” diameter RC holes for 244 m at the Donkey Hill prospect itself. The holes were only located on a local grid. Despite some old collars being relocated in the field, the identity and accurate locations of the Newmont holes could not be included in Rum Jungle Resources’ database. Although all four holes intersected the near-vertical quartz vein system, the assays were less impressive than the surface and costean sampling. The best intercept was 2 m at 3.10 g/t Au below 28 m in hole RCD-3. The best Pb was 0.82%.

In the mid 1990s, North Ltd drilled their MPG series of holes nominally at 100 m spacing along east-west lines 1 km apart to the south and west of the Dome (black dots in Figure 5). The results were disappointing.

**PREVIOUS WORK ON EL 25165**

**Work During Years 1 to 5**

The first five years of tenure were operated by Uranex Ltd. Work in years 1 and 2 comprised a detailed aeromagnetic and radiometric survey of 6,561 line kilometres and it’s processing and interpretation. This survey produced both radiometric and aeromagnetic interpreted litho–structural targets for follow up by ground inspection. This was followed by both vehicle and helicopter-assisted investigations of geology and the uranium radiometric anomalies located by the earlier airborne survey.

The results of the first two years programs did not establish precise targets for drilling. It was decided that an Airborne Electromagnetic (AEM) Survey may locate conductive targets in the favourable host lithologies which could be tested by drilling. These would be bedrock conductors representing graphitic or chloritic / pyritic facies and or structures.

During Year 3, an AEM Survey was flown by Fugro Geophysics in association with Geoscience Australia (GA). After many delays, the initial survey data was received in May 2010. This was later processed and interpreted.

Drill targets were chosen using these conductors, their potential host stratigraphy, proximity to surface uranium anomalies and accessibility.

Drill follow-up to test these litho-structural targets by reverse circulation drilling was to be done at the peak of the next dry season in year 4 when access is to the flood plains is possible. There were six planned holes on Swim Creek for approximately 900 m of drilling. Unfortunately there were delays in the approval of the Mine Management Plan (MMP); approval of which was only received on 23rd September 2010. Efforts were made to organise staff and drill contractors in time before the wet season. However rain began in October and the program had to be postponed.
During May 2010 (year 4), a field reconnaissance was made to locate access to the planned drill sites. Some minor access upgrading would be required prior to drilling. Some access was still too boggy in May.

This program was then planned for year 5 in the dry season, preferably around May or June 2011. This was again delayed while discussions continued with a group who were to finance the ongoing programs. Unfortunately, the funding fell through.

Discussions were renewed with other parties in 2012 and a Farm In agreement was signed with Rum Jungle Resources Ltd in September 2012.

**Work During Year 6**

Since Rum Jungle Resources became operator, the company has systematically explored the entire Annaburroo Dome as well as the Donkey Hill prospect itself. Rum Jungle Resources began with a comprehensive literature review including rectifying some mislocation of drill holes by previous explorers. Rum Jungle Resources completed a geochemical soil survey of 665 samples over the dome. The bulk of the Annaburroo Dome soil samples were collected at 400 m x 400 m spacing with the Donkey Hill area sampled at 100 m x 100 m. All were assayed for Au, Ag, As and Cu. Nineteen selective surface rock chips were also taken on a transect along the southern axis of the anticline and around the central crest of the anticline. Two outstanding results were 61.2 g/t Au and 9 g/t Ag from the Donkey Hill area and 0.27 g/t Au from a large outcropping quartz vein 3.8 km to the north.

![Diagram](image)

*Figure 6. Results of reconnaissance rock chip sampling at Donkey Hill (which straddles the EL boundary) and Donkey Hill South, values are ppb Au. Rum Jungle Resources’ EL 24468 has since been surrendered.*
The overall assessment of the surface geochemistry and structural geology led to the decision to drill test Donkey Hill Prospect at greater depth than attempted previously.

Rum Jungle Resources also reinterpreted geochemical, geophysical and structural data and focused on several AEM anomalies away from the exposed area of the Annaburroo Dome. By using various depth slices to remove surface affects, several sites were selected as drill targets.

![MT GOYDER AEM PLANNED COLLARS ON 60 TO 100M DEPTH SLICE](image)

**Figure 7. 2012 proposed drillholes targets based on AEM and structural features. Note that the holes were subsequently renumbered and only one of the two in the northeast was actually drilled.**

Uranex completed a new ground check of all the accessible uranium anomalies, AEM bedrock conductor sites and the possible planned drill hole locations. It also checked the state of existing access.

**CURRENT WORK**

**Year 7 – Work by Uranex Ltd**

Work by Uranex during Year 7 included geological consultants, salaries and tenement administration.

**Year 7 – Work by Rum Jungle Resources**

**Rock Chip Sampling**

During December 2012, check rock chip sampling and surface assays using a handheld XRF were undertaken. On 04/12/2012, four rock chip samples were collected over a small area at Donkey Hill near previously anomalously high surface Au. The samples were chosen to represent the different lithologies present at that location. These samples were analysed at AMDEL Bureau Veritas using coupled mass spec IC3M and fire assay FA3E.

<table>
<thead>
<tr>
<th>SampleID</th>
<th>Northing</th>
<th>Easting</th>
<th>Sample_Description</th>
<th>Ag</th>
<th>As</th>
<th>Au</th>
<th>Au Dp1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td></td>
<td></td>
<td></td>
<td>ppm</td>
<td>ppm</td>
<td>ppb</td>
<td>ppb</td>
</tr>
<tr>
<td>Technique</td>
<td></td>
<td></td>
<td></td>
<td>IC3M</td>
<td>IC3M</td>
<td>FA3E</td>
<td>FA3E</td>
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<tr>
<td>Detection Limit</td>
<td>0.1</td>
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<td>1</td>
<td>1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>16502RK</td>
<td>8579806</td>
<td>794672</td>
<td>Black boxwork gossan</td>
<td>6.5</td>
<td>1465</td>
<td>33,050</td>
<td>36,400</td>
</tr>
<tr>
<td>16503RK</td>
<td>8579806</td>
<td>794688</td>
<td>Weathered purple tuffaceous volcanic</td>
<td>0.2</td>
<td>41</td>
<td>155</td>
<td>135</td>
</tr>
<tr>
<td>16504RK</td>
<td>8579802</td>
<td>794679</td>
<td>Coarse veined volcanic</td>
<td>&lt;0.1</td>
<td>85</td>
<td>31</td>
<td>na</td>
</tr>
<tr>
<td>16505RK</td>
<td>8579827</td>
<td>794675</td>
<td>Volcanic outcrop. veined light colour</td>
<td>0.4</td>
<td>110</td>
<td>620</td>
<td>640</td>
</tr>
</tbody>
</table>

Table 1. Results of 2013 rock chip sampling on EL 25165. Locations are GDA94 Zone 52.
The samples are only just within EL 25165 and are over such a small area that they plot together in the Figure below.

Figure 8. Check rockchips from various lithologies at the same location at Donkey Hill Prospect plotted on published geology.

**Drilling**

Six RC holes were drilled on EL 25165 for 666 m, with a maximum depth of 133 m. Three were drilled at the historical Donkey Hill gold prospect in the Annaburroo Dome in conjunction with drilling on the contiguous Rum Jungle Resources’ EL 24468 (now surrendered). The other three holes, further north on EL 25165, were targeted on geophysical anomalies with no surface expression (see Figure 7).

<table>
<thead>
<tr>
<th>Hole</th>
<th>Easting</th>
<th>Northing</th>
<th>Dip</th>
<th>Azimuth</th>
<th>Depth</th>
<th>Tenement</th>
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</thead>
<tbody>
<tr>
<td>DHRC001</td>
<td>794713</td>
<td>8579769</td>
<td>60</td>
<td>270</td>
<td>85</td>
<td>25165</td>
</tr>
<tr>
<td>DHRC002</td>
<td>794732</td>
<td>8579767</td>
<td>60</td>
<td>270</td>
<td>133</td>
<td>25165</td>
</tr>
<tr>
<td>DHRC003</td>
<td>794740</td>
<td>8579745</td>
<td>60</td>
<td>270</td>
<td>133</td>
<td>25165</td>
</tr>
<tr>
<td>MGRC049</td>
<td>795002</td>
<td>8584246</td>
<td>90</td>
<td>0</td>
<td>61</td>
<td>25165</td>
</tr>
<tr>
<td>MGRC050</td>
<td>796442</td>
<td>8585545</td>
<td>90</td>
<td>0</td>
<td>133</td>
<td>25165</td>
</tr>
<tr>
<td>MGRC051</td>
<td>794326</td>
<td>8585692</td>
<td>90</td>
<td>0</td>
<td>121</td>
<td>25165</td>
</tr>
</tbody>
</table>

Table 2. Details of 2013 RC drillholes on EL 25165. Locations are GDA94 Zone 52.

DHRC002 location amended 28/07/2014.
Figure 9. Close-up of drillhole locations showing holes DHRC001-3 on EL 25165. Note the proximity of the holes to one another and to the EL boundary.
Figure 10. 2013 drilling plotted on the gridded and contoured TMI. Note that the AEM targets shown in Figure 7 are clearly associated with the main ridge on the EM which has no surface expression and is not concomitant with the axis of the Annaburroo Dome. Hole numbers are given in Figure 11.
Figure 11. 2013 drilling on EL 25165 plotted on published geology. Holes DHRC04-06 are on the former EL 24468.

Downhole samples were assayed as described for the rock chips above. The best results from EL 25165 were:

<table>
<thead>
<tr>
<th>Hole</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Interval (m)</th>
<th>Au g/t</th>
<th>Ag g/t</th>
<th>Cu %</th>
<th>Pb%</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHRC001</td>
<td>55</td>
<td>60</td>
<td>5</td>
<td>0.26</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>79</td>
<td>82</td>
<td>3</td>
<td>-</td>
<td>2.3</td>
<td>0.21</td>
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<tr>
<td>DHRC002</td>
<td>88</td>
<td>90</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>0.18</td>
<td>0.18</td>
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<tr>
<td>DHRC003</td>
<td>86</td>
<td>91</td>
<td>5</td>
<td>0.35</td>
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<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>106</td>
<td>107</td>
<td>1</td>
<td>0.28</td>
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<td></td>
<td>112</td>
<td>113</td>
<td>1</td>
<td>0.21</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 3. Best intercepts in the 2013 drilling on EL 25165.
Year 7 - Admissible Expenditure

<table>
<thead>
<tr>
<th>Activity Details for the Reporting Period</th>
<th>$AU Claimed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Geological Activities and Prospecting</strong></td>
<td>Prospect mapping to site drillholes</td>
</tr>
<tr>
<td><strong>B. Geochemical Activities</strong></td>
<td>4 rock chip samples, downhole sampling, assays by Bureau Veritas</td>
</tr>
<tr>
<td><strong>C. Geophysical and Remote Sensing Activities</strong></td>
<td>nil</td>
</tr>
<tr>
<td><strong>D. Drilling</strong></td>
<td>Geodrilling contractors, 6 RC holes for 666m, to max depth of 133m, all associated drilling costs, consumables, supervision, fuel and labour</td>
</tr>
<tr>
<td><strong>E. Bulk Sampling and Earthworks</strong></td>
<td>Earthworks by Rural Land Services, track and pad preparation, fuel</td>
</tr>
<tr>
<td><strong>F. Rehabilitation</strong></td>
<td>Some included above, some remaining</td>
</tr>
<tr>
<td><strong>G. Pre-feasibility inc. Metallurgical and Environmental</strong></td>
<td>nil</td>
</tr>
<tr>
<td><strong>H. Office Studies</strong></td>
<td>MMP, desktop studies, report writing</td>
</tr>
<tr>
<td><strong>I. Overheads (not to exceed 15% of the sum of A to H above)</strong></td>
<td>Administrative overheads excluding H</td>
</tr>
<tr>
<td><strong>J. (Preliminary Exploration – Yr 1)</strong></td>
<td>nil</td>
</tr>
<tr>
<td><strong>K. Total Expenditure Claimed</strong></td>
<td>$6,396 of the total is Uranex, the rest RUM. Note that because the majority of the work was late in the reporting year, there may still be outstanding invoices yet to be received</td>
</tr>
</tbody>
</table>

PLANNED WORK YEAR 8

The Rum Jungle Resources/Uranex JV needs to assess their respective commitments to EL 25165. Note that Rum Jungle Resources has surrendered, or may surrender, all surrounding ELs in their name. Specifically, EL 24468, which contains part of the historic Donkey Hill Gold Prospect, was surrendered late in 2013. This prospect extends onto EL 25165 and was the main focus of Rum Jungle Resources' interest in this EL. The generic program proposed below is based on the proposition that the JV wishes to continue gold exploration. If this proves not to be the case, Rum Jungle Resources will undertake the remaining rehab of its disturbance and operatorship will revert to Uranex Ltd who reserves the right to alter the proposed program.

Rehabilitation

The 2013 RC holes were yet to be rehabilitated at the reporting anniversary, but this has since been done. The sites will be checked again in 2014 after the Wet Season.

PLANNED EXPENDITURE YEAR 8

<table>
<thead>
<tr>
<th>Activity Details for the Next Reporting Period</th>
<th>$AU Proposed</th>
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</thead>
<tbody>
<tr>
<td><strong>A. Geological Activities and Prospecting</strong></td>
<td>Prospect mapping to site drillholes</td>
</tr>
<tr>
<td><strong>B. Geochemical Activities</strong></td>
<td>Assays as required</td>
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<tr>
<td><strong>C. Geophysical and Remote Sensing Activities</strong></td>
<td>nil</td>
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<tr>
<td><strong>D. Drilling</strong></td>
<td>Possible RC drilling</td>
</tr>
<tr>
<td><strong>E. Bulk Sampling and Earthworks</strong></td>
<td>Site works for above</td>
</tr>
<tr>
<td><strong>F. Rehabilitation</strong></td>
<td>Rehab of pads and tracks</td>
</tr>
<tr>
<td><strong>G. Pre-feasibility inc. Metallurgical and Environmental</strong></td>
<td>nil</td>
</tr>
<tr>
<td><strong>H. Office Studies</strong></td>
<td>MMP, report writing</td>
</tr>
<tr>
<td><strong>I. Overheads (not to exceed 15% of the sum of A to H above)</strong></td>
<td>Administrative overheads (rounded)</td>
</tr>
<tr>
<td><strong>J. Covenant for next reporting period</strong></td>
<td>$50,000</td>
</tr>
</tbody>
</table>
CONCLUSIONS AND RECOMMENDATIONS
In the opinion of Rum Jungle Resources, the 2013 drilling has downgraded the gold prospectivity of the Donkey Hill prospect and the Annaburro Dome generally. Drilling of geophysical targets during 2013 also failed to intersect any economic mineralisation. The Rum Jungle Resources/Uranex JV needs to assess their respective commitments to EL 25165.