



**RUM JUNGLE RESOURCES LTD
ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER, 2010**

HIGHLIGHTS

- Shallow high grade phosphate discovery named Barrow Creek 1 found at Ammaroo. Subsequent to the end of year, RUM announces it has bought out Aragon Resources and now is 100% owner of the Ammaroo Phosphate Project. Rock Phosphate prices exported from Morocco, the world's largest exporter have risen from \$125 per tonne to \$150 per tonne in January. Demand remains strong.
- An exploration budget of \$1 million has been approved for resource drilling of Barrow Creek 1 for the first half of the year with two drill rigs secured to start drilling on March 1.
- Favourable meeting with the Darwin Port Authority confirms available capacity for export via existing Darwin Port facilities.
- Trench pump tests and Air Core drilling at Karinga Creek Potash Project give further encouragement that economic development of a schoenite operation may be viable at Karinga Creek.
- Recent Karinga Creek Joint Venture meeting with Reward Minerals Ltd approves a minimum exploration budget of \$500 000 for 2011 with a view to having a JORC compliant inferred resource by the end of the third quarter.
- Potassium mineral precipitation trials in progress on brine bulk samples from Karinga Creek.
- Low grade uranium and silver discovered 500m west of the Anniversary Breccia Prospect at Mount Bundy.

Ammaroo Phosphate (RUM 100%)

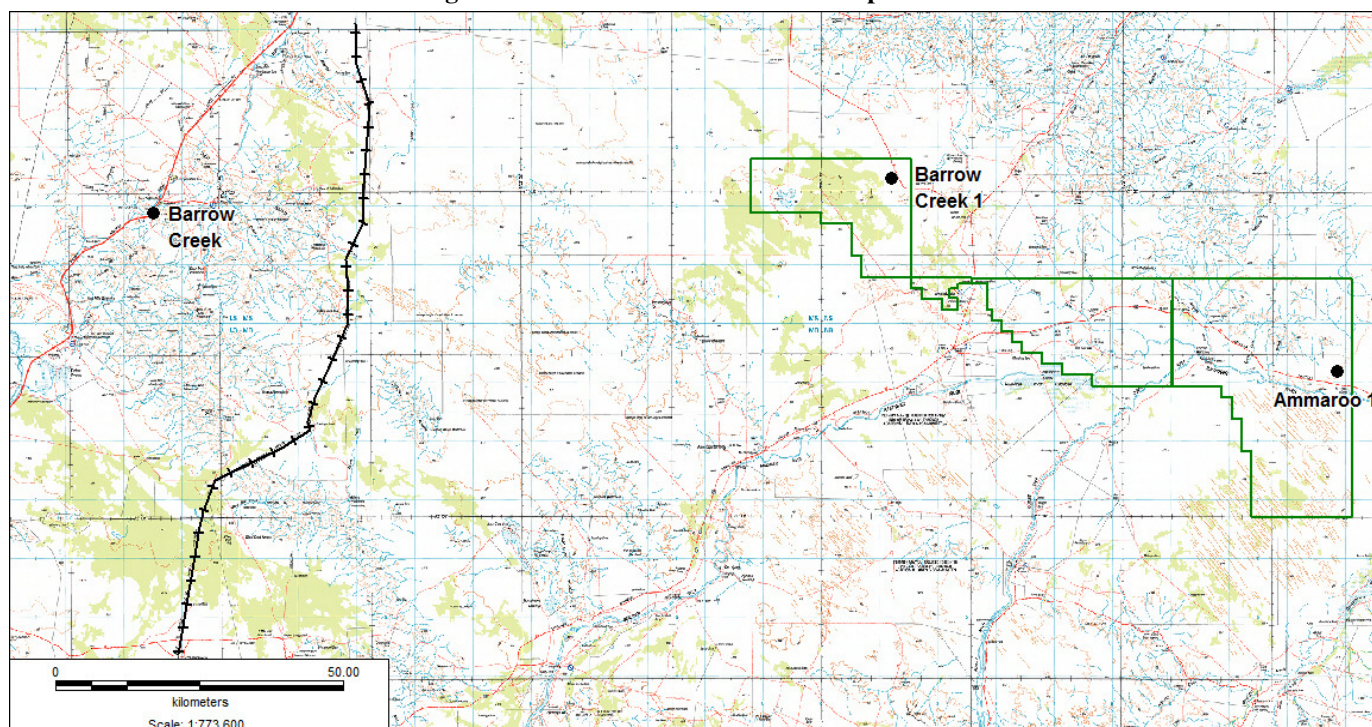
1. Exploration

During October 2010, 72 Air Core holes were drilled for 3564m at Ammaroo on three tenements. A new shallow high grade phosphate deposit with phosphate to 32% P₂O₅ was discovered on the western most tenement, EL25184, closest to the Central Australian Railway. The drilling was conducted in joint venture with Aragon Resources Limited with RUM earning up to 70%. This joint venture will now be terminated with RUM agreeing to acquire all the shares in Territory Phosphate Pty Ltd (the holder of the tenements) from Aragon Resources Limited on January 12 (refer ASX release). Consideration is \$1 million in cash and the issue of 16 million shares of which 50% are voluntarily escrowed for 12 months.

Best results from widespread drilling at Barrow Creek 1 include:

- 2m @ 31.9% P₂O₅ from 4m in hole APAC 068
- 3m @ 31.2% P₂O₅ from 15m in hole APAC 119
- 2m @ 30.2% P₂O₅ from 6m in hole APAC 114
- 2m @ 28.8% P₂O₅ from 16m in hole APAC 118
- 2m @ 28.5% P₂O₅ from 7m in hole APAC 074
- 2m @ 27.9% P₂O₅ from 14m in hole APAC056
- 5m @ 27.2% P₂O₅ from 14m in hole APAC 070
- 4m @ 26.9% P₂O₅ from 20m in hole APAC 054
- 3m @ 25.8% P₂O₅ from 9m in hole APAC 069
- 5m @ 25.3% P₂O₅ from 24m in hole APAC 111

Figure 1. Barrow Creek 1 Location Map



2. Logistics

In December the company made a presentation to the office of the Minister for Mines and Energy in Darwin. Background to the presentation was the important impact the project could make on usage of the Northern Territory Railway infrastructure and the under-utilised capacity at the Darwin Port Corporation. A follow up presentation by senior personnel of the Darwin Port Corporation highlighted the available infrastructure and capacity of the new wharf facilities.

The company is in preliminary discussions with Sydney based Origin Capital Group Pty Ltd, to provide logistics advice. The company is also intending to discuss the project with interested consumers in the next few months.

Figure 2. Planned Resource Drilling at Barrow Creek 1

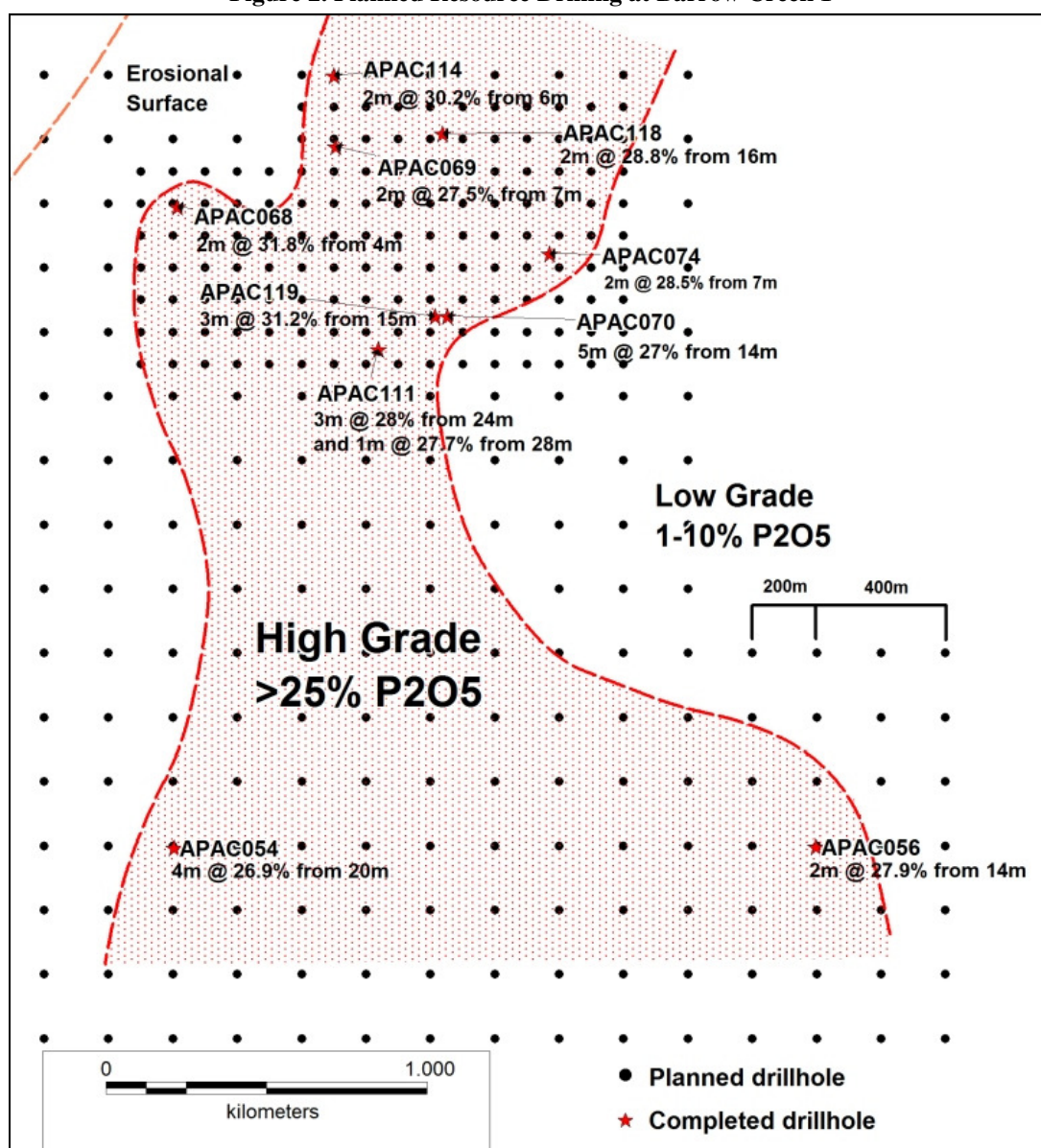
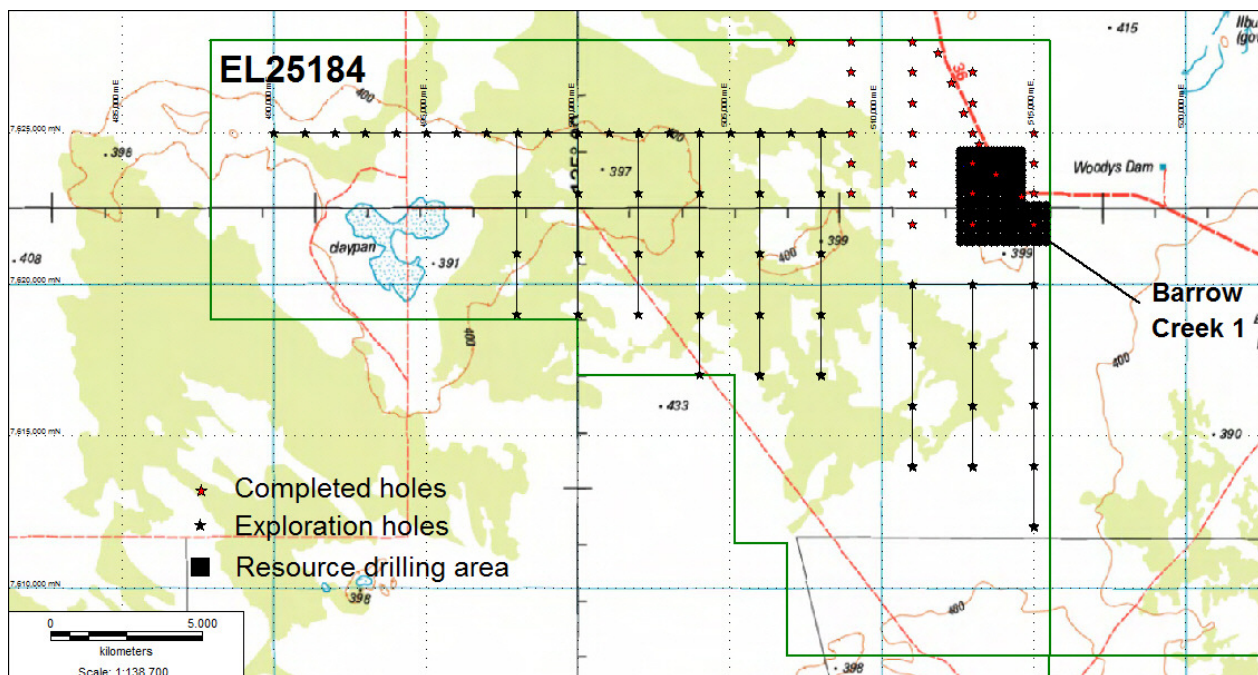


Figure 3. Planned Resource drilling and Exploration grid lines on EL25184



3. Ore Beneficiation

Common accessories in phosphate deposits include silica and silicates, as well as other impurities, but usually quartz, chert and clay. As a result, most phosphate deposits require beneficiating by crushing, sizing and flotation in order to increase the P₂O₅ content to around 31%.

Barrow Creek 1 contains visible chert nodules which may well be removed by screening. As it is high grade it appears to have limited other impurities.

It is planned to excavate at least two trenches into the phosphate horizon where it occurs within six meters of the surface and ship one tonne samples to the AMDEL metallurgical testing facilities in Adelaide. This should be commenced in March.

Karinga Creek Potash (RUM 50%)

During November an Air Core drilling program was completed at Karinga Creek where 28 holes were completed for 1298m at an average depth of 46m on EL25080. Twenty water samples were collected and analysis reveal highly elevated background levels of potassium, magnesium and sulphate in ground water surrounding and draining into the Karinga Creek salt lakes. An Aboriginal Areas Protection Authority (AAPA) survey was also conducted over two of three areas as part of an Authority Certificate for the project. The final survey for the third area should be completed in early 2011.

Four trenches were dug in December and pump testing was carried out to determine recharge rates. Up to 75 000 litres was pumped from trenches over 3 days and recharge rates were up to 58 litres per minute from trenches up to 8m in length. These recharge rates are encouraging when production trenches in the salt lakes may be 2-3km in length.

Mineral precipitation tests carried out by Reward Minerals are underway on bulk brine samples. Results are pending, however initial indications are that schoenite (Potassium Magnesium Sulphate – $K_2SO_4MgSO_4 \cdot 6H_2O$) will be the major fertiliser salt produced. Schoenite is similar to potassium sulphate but contains additional magnesium. There is large demand for schoenite in China and Malaysia. China produces its own supply from salt lakes whilst Malaysia imports schoenite from Germany as fertiliser for palm oil plantations. Australian fertiliser companies also sell variations of K-Mag or KMS products but the quantities are unknown.

Schoenite is produced on a large scale in China but the product is subject to an export tax. It is also produced in Germany but known as Picromerit/Picromerite. Performance wise, schoenite is equivalent to, if not better than potassium sulphate.

A Joint Venture meeting is scheduled to be held with Reward Minerals in Perth on January 17 to discuss the work programme for 2011 and will approve an exploration budget of \$500,000. The joint venture will approve the following work program aimed at delivering a JORC compliant resource by the end of September 2011:

- Baseline flora and fauna survey
- Geotechnical studies of proposed evaporation pond sites to ensure they will hold water
- Heli-supported Vibracore drilling to determine brine resources on 20 key lakes
- On-going Indigenous Liaison and information sessions at Imanpa
- Logistical trenching of salt lakes
- Possible EM survey to detect additional sub-surface brine resources

Figure 4. Mallee Well Lake historic trench



Figure 5. The Swansons Trench located 350m south of the lake edge



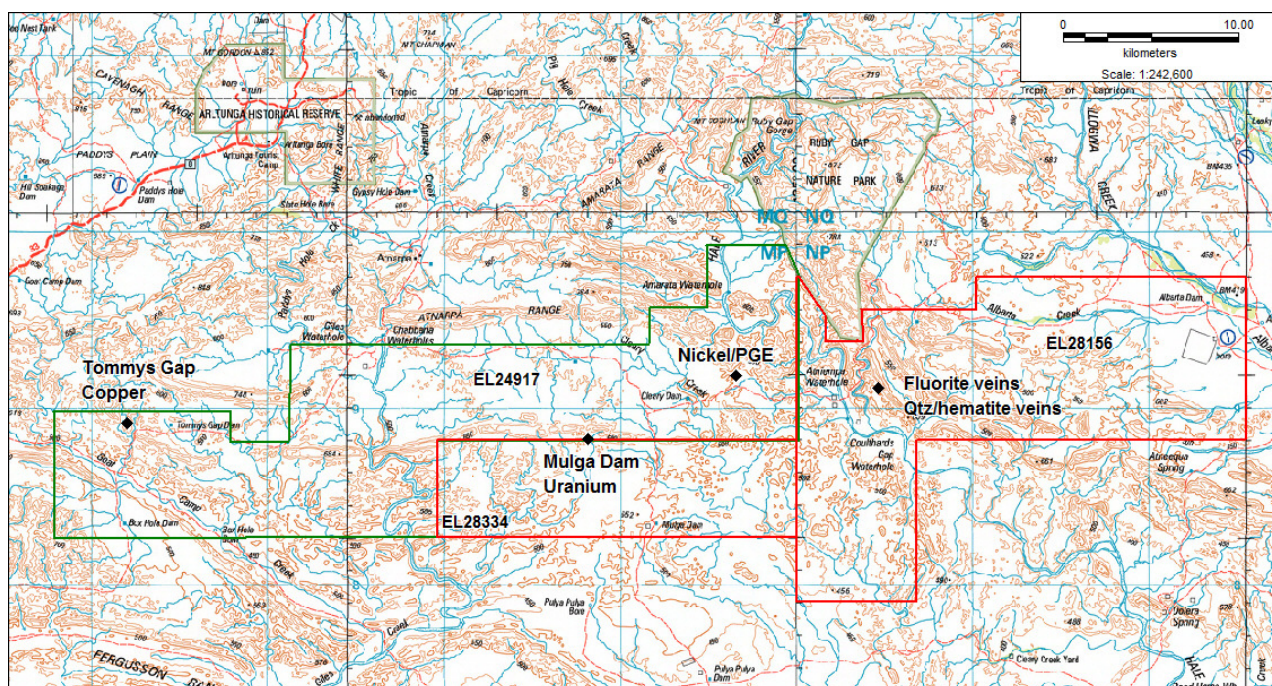
Ross River Project

In October, drilling was completed at Tommy's Gap with disappointing results. Eight holes were completed for 524 metres with 134 samples taken for assay. Best results from Tommy's Gap RC drilling were:

- 4m @ 0.11 g/t Au from 20-24m in hole TGRC002
- 2m @ 0.13% Cu from 14-26m in hole TGRC003
- 3m @ 0.22% Cu from 42-45m in hole TGRC004
- 4m @ 0.4% Cu from 37-41m in hole TGRC005
- 2m @ 0.16% Cu from 16-18m in hole TGRC008

Additional copper, nickel, uranium and iron ore targets were identified in rock chip sampling and these will be followed up during the year. Two new ELA's were applied for during 2010. The eastern most tenement EL28156 will be granted in February 2011 allowing for exploration in highly prospective terrain between Tommy's Gap and Mithril's Huckitta tenements. New geophysical surveys are being planned for early in 2011.

Figure 6. Ross River tenements



Tennant Creek Project (RUM earning 75% from Uranium West)

RC drilling at Tennant Creek was postponed in December due to excessive rain. The 1000m drill program will now commence in April at the completion of Barrow Creek Phosphate drilling. Drilling is targeting magnetic and gravity features in the Warramunga Formation.

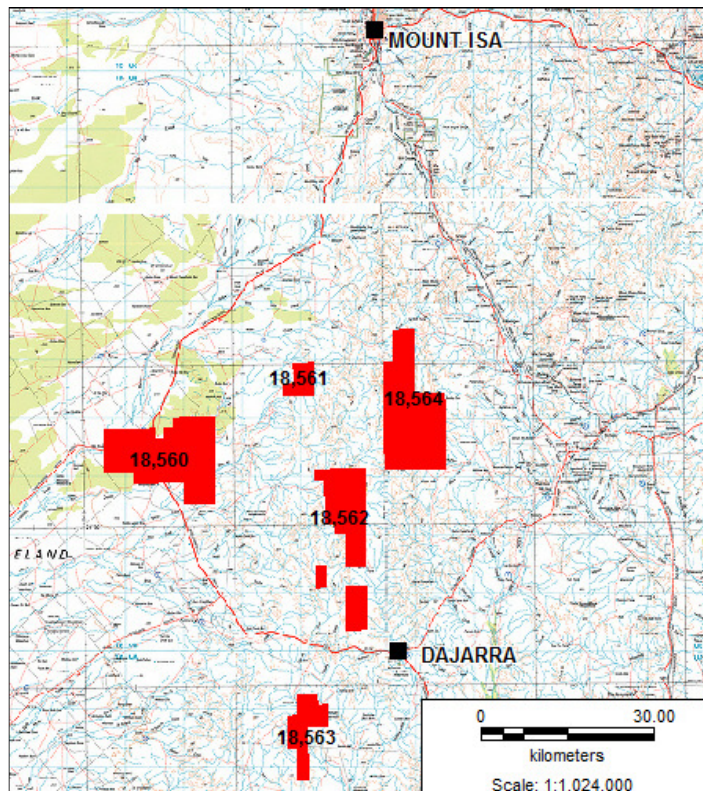
Dajarra Project (Mount Isa, Queensland - RUM 100%)

At the Dajarra Project, located south of Mount Isa in Queensland, a Native Title Agreement has been signed with Traditional Owners over three of the five tenements which are shortly due to be granted. RUM is exploring for metasomatite hosted uranium deposits, IOCGU targets and large Mount Isa style base metal targets. The Mount Isa region is one of the best exploration addresses on the globe for world class ore bodies and the area south of Mount Isa is relatively un-explored by modern exploration methods.

Geophysical quotes are currently being sought to fly a magnetic and radiometric survey at 100m spacing over all tenements which will be the only newly acquired geophysical coverage in the area in many years. All uranium prospects in the Mount Isa area are structurally controlled (generally north south strike and southerly plunge) and all outcropping prospects have a radiometric signature, therefore any surface uranium mineralisation will be picked up by the survey. The next stage of new uranium discoveries masked by surficial cover rocks in the Mount Isa region will be detected by drilling structural targets and these structural targets could be interpreted from the magnetic survey data.

Furthermore, IOCGU targets may also be located along major structures or splay faults and with the presence of magnetite, will also have a magnetic signature that can be detected. The geophysical survey will be flown sometime between February and May and will hopefully produce a number of radiometric and magnetic targets for ground inspection and prospecting during the second half of the year.

Figure 7. Dajarra tenement map



Mount Bundy Project (RUM 100% uranium rights)

At Mount Bundy, Territory Resources withdrew from the Joint Venture over EL's 23921, 27921 and 24468, leaving RUM with 100% interest in all mineral rights. Drilling was planned on EL23921 targeting VTEM anomalies under black soil cover however the early wet season rains postponed drilling until 2011.

On the Crocodile Gold tenements where RUM has 100% uranium rights, 13 RC holes were drilled for 1291m on three tenements. Best results were from the Anniversary Breccia West Prospect where low grade uranium and silver was intersected about 500m west of the polymetallic Anniversary Breccia Prospect (uranium, copper, cobalt, nickel) where peak uranium is up to 1500 ppm and copper to 3.7%.

Although these results are not economic, they have extended the area of interest at Anniversary Breccia 500m to the west with no drilling in between. This area will be targeted later in the year.

Best results are tabled below:

Table 1. Anniversary Breccia West Assays

HoleID	From	To	Ag_ppm	U308 ppm
MBRC052	63	65	1.75	257
MBRC050	45	46	3.9	183
MBRC050	49	50	1.5	124
MBRC050	70	71	0.8	100
MBRC050	76	77	5.5	118
MBRC050	77	78	8.5	29

Table 2. Mount Bundy Drill Hole Details

Hole	Easting	Northing	Dip	Azimuth	Total Depth
MBRC052	769708	8583733	-60	360	102
MBRC050	769711	8583755	-60	360	156

ADMINISTRATION:

The cash working capital at 31 December, 2010 was \$3,621,693.



D.W.Muller M.Sc., M.B.A., F.Aus.I.M.M.

Managing Director

27th January, 2011

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr. David Muller, who is a Fellow of the Australian Institute of Mining and Metallurgy.

Mr. Muller is Managing Director and a consultant to the Company. Mr. Muller has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration results, Mineral resources and Ore Reserves".

Mr. Muller consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

Further Information call Rum Jungle Office Darwin: 08 89420385