

RARE EARTH DRILLING UPDATE—SEPTEMBER 2011

TUC Resources continues to make strong progress on developing its Rare Earth Element (REE) Projects:

- **Stromberg Heavy Rare Earth Prospect**, a follow up RC drilling program is planned to commence in late September.
- **Quantum Rare Earth Prospect**, the latest drilling phase has been completed, extending the prospect to +300m in strike length.
- **Drax Heavy Rare Earth Prospect**, first pass RC drilling is planned for early October.

Recent Events & Progress:

TUC Resources is pleased to provide the following monthly drilling progress report:

- **Stromberg HREE Prospect (Daly Project)**
 - ✓ Significant results achieved from re-assay of RC and rock-chip material with 95% of REEs being Heavier Rare Earths (HREEs) (see TUC ASX Announcement dated 25th August 2011). The prospect is rich in the critical rare earths Dysprosium and Yttrium.
 - ✓ Xenotime mineralogy offers potential for simple mineral processing route (see TUC ASX Announcement 14th September 2011).
 - ✓ Extensional RC drilling is planned to commence in late September.
 - ✓ The shallow, tabular nature of mineralisation outlined to date, offers potential for the more rapid development of the prospect.
 - ✓ Drill sites are being prepared to allow planned 'target resource' definition drilling to continue through the wet season.
- **Quantum REE Prospect (Pine Creek Project)**
 - ✓ Diamond drilling phase completed at Quantum extending mineralisation to +300m in strike length.
 - ✓ Geological modelling and initial target resource estimation is underway.
 - ✓ Further diamond and RC drilling to test strike extent, target thick intercepts (+8m) and infill areas of higher grade is planned to commence in early 2012.
 - ✓ Site preparation work to allow planned drilling to continue through the 2012 wet-season completed.
- **Drax HREE Prospect (Daly Project)**
 - ✓ Significant REE results have been achieved from soil auger chips with an average 45% HREE content (see TUC ASX Announcement dated 25th August 2011).
 - ✓ RC drilling to test this prospect is planned to commence October 2011.



TUC
RESOURCES

ASX Code: TUC

**ASX Announcement
28 September 2011**

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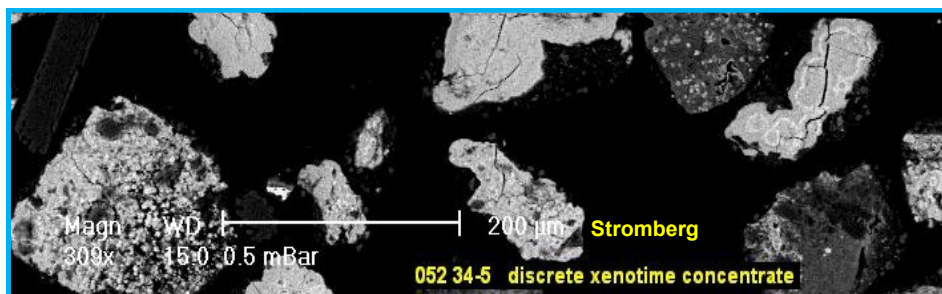
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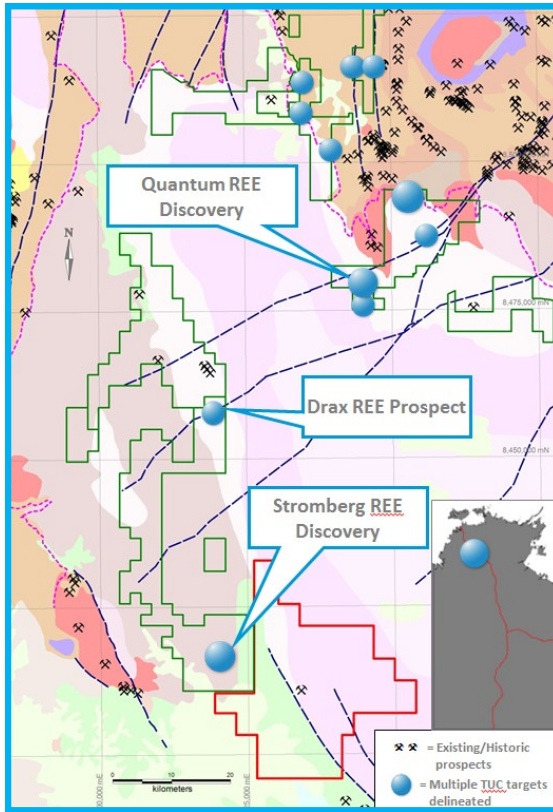


Figure 1 - Location of TUC's REE and HREE prospects and tenements (green outlines) in the mineral prospective Pine Creek region, with geology background.

Stromberg Prospect - Drilling Update

RC drilling at the Stromberg Prospect (location on Figure 1), along a 2.3km long radiometric and geochemical anomaly, has defined a shallow accessible and coherent zone of mineralisation on two sections 600 metres apart (Figure 2).

Excellent results include 7m @ 1% Total Rare Earth Oxide (TREO) from surface. This result is considered excellent because 95% of the rare earth content is heavy and valuable rare earths. Particularly, the prospect is rich in the critical rare earth element Dysprosium (see TUC ASX Announcement dated 25th August 2011 for a full breakdown of results).

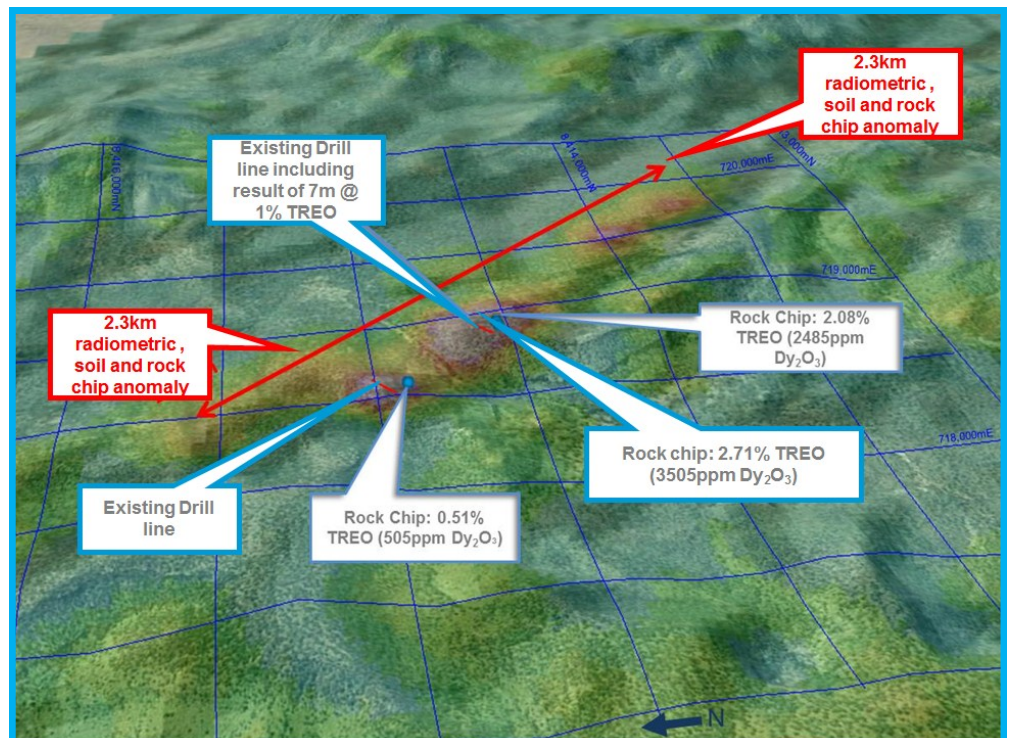


Figure 2 - Stromberg Prospect, radiometric overlay and existing RC drill sections.

Most importantly, mineralogical analysis at Stromberg shows the heavy rare earth is contained within the REE mineral Xenotime (see TUC ASX Announcement 14th September 2011). Xenotime is known to potentially offer a simple physical mineral processing route. Such a route could also provide significant advantages in terms of time savings for project development, should exploration continue to be successful. A more comprehensive metallurgical program is planned to determine possible processing methods and achievable concentrate grade.

In addition, low levels of the deleterious element thorium, have been noted (~1.25ppm Thorium per 1%TREO) in mineralogical samples. The low level of Thorium provides an advantage, as it is more likely that a marketable, export grade, rare earth concentrate, could be produced from Stromberg.

Second phase drilling comprising ~3000m of RC is now planned to highlight the resource potential of the prospect and explore for zones of higher grade or 'feeder' mineralisation.

Access tracks, drill-lines and drill pads have been completed and drilling is expected to commence in late September.

TUC is excited by developments at Stromberg. The shallow tabular nature of mineralisation (easier and quicker to drill), the promising mineralogy (more easily treatable Xenotime) and a valuable rare earth mix (dysprosium and yttrium mineralisation) provide advantages and incentives for a quicker development path than for most other rare earth prospects.



Quantum Prospect — Drilling Update

A second phase of diamond and RC drilling was completed at Quantum during the month. Work to date has identified multiple zones of mineralisation over 300 metres of prospect strike length.

Recent significant intersections (reported in TUC ASX Announcement dated 7th September 2011) are represented on Figure 3 and Table 1 with more recent diamond drill details presented in Table 2. No further significant results are expected from this phase of drilling.

Further diamond and RC drilling is planned to target high grade thick mineralisation (+8 metre intercepts); to extend strike to north and south proximal to identified mineralisation; and to test more distal targets. This planned work is scheduled to commence in early 2012. Figure 3 shows this planned work in long section with drilling to date and significant results. A number of step out RC pre-collars have been completed and are available for extensional and infill continuance with diamond tails. Diamond tail drilling and exploration from holes such as those depicted approximately 1km to the south of the main drilling area (see Figure 3), if successful, would provide a step change in the exploration potential at the Quantum prospect.

As a pre-cursor to further work, a comprehensive three dimensional geological and target resource modelling exercise has commenced.

TUC's work to date indicates the existence of multiple zones of higher grade mineralisation within the fold noses of the rock sequence. These hinges remain open to north and south, and at the broader scale anomalism has been identified over the +4km length of the prospect area. TUC believes that the drilling to date, and the strength of the geological interpretation and results, provide a high level of exploration potential in the Quantum area.

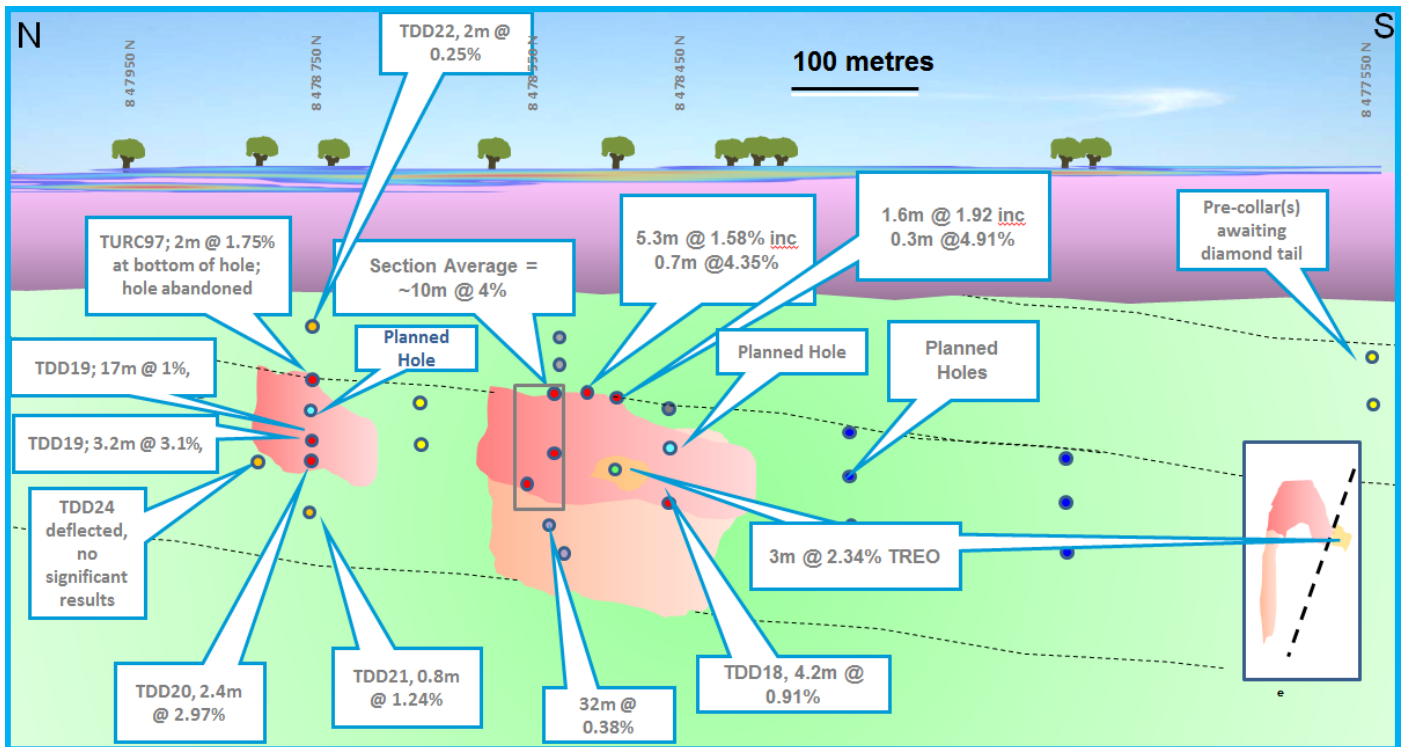


Figure 3 - Long-section representation of Quantum, significant TREO intersections, drilling completed and planned drill-holes.

Hole ID	From	Width	Average Grade (TREO%)	Including/Within	Mineralised Envelope
TDD19	296m	3.2m	3.13%	1.2m @ 4.45% from 296m within 10.4m @ 1.12% from 292.8m.	Extension
TDD20	296.9m	2.4m	2.97%	Within 8.3m @ 1.01% from 292m.	Extension
TDD21	397.6m	0.8m	1.24%		New mineralised horizon.

Table 1 - Significant results/TREO intersections from Quantum since Rare Earth Drilling Update—Quantum Prospect, August 2011 (TUC ASX Announcement 12 August 2011).

Hole_Id	mE	mN	RL(m)	Grid	Depth (m)	Dip	Az.	Results	Comments
TDD19	744,905	8,478,752	85	AMG 84 Z52	386.9	-65	270	Assays Returned	
TDD20	744,973	8,478,750	82	AMG 84 Z52	449.9	-62	270	Assays Returned	RC Pre-Collar TURC105
TDD21	744,896	8,478,753	85	AMG 84 Z52	461	-60	270	Partial Assays Returned	RC Pre-Collar TURC98
TDD22	744,847	8,478,750	86	AMG 84 Z52	407.7	-60	270	Partial Assays Returned	RC Pre-Collar TURC100
TDD23	744,934	8,478,753	84	AMG 84 Z52	164	-60	270	Assays Returned	Abandoned
TDD24	744,959	8,478,751	84	AMG84 Z52	397.7	-62	270	Partial Assays Returned	No Further Significant Results expected

Table 2 - Diamond drill details since Rare Earth Drilling Update—Quantum Prospect, August 2011 (TUC ASX Announcement 12 August 2011).



Drax Prospect - Drilling Update

Analysis of soil auger samples indicates that the Drax Prospect (see Figure 1 for location) is of interest as a HREE target. Significant assay results, including a soil sample of 0.071% TREO in a background of 0.018% (4 times sample population background), give an average HREE component of 44% (see TUC ASX Announcement dated 25th August 2011 and TUC's last quarterly activities report).

A phase of RC drilling is planned at the Drax prospect in October. Work will focus on a radiometric anomaly and a zone of HREE soil anomalism.

TUC believes that the Drax Prospect, along with the Stromberg Prospect, highlight the larger exploration potential of the Daly Project.

*Total Rare Earth Oxides (TREO's) have been calculated by addition of common oxide values for Ce, Dy, Er, Eu, Gd, Ho, La, Lu, Nd, Pr, Sm, Tb, Tm, Yb, Y. REO values have been calculated from REE ppm grades after analysis by lithium-metaborate fusion and ICPMS, where possible, or by HF/multi acid digest and ICPMS. The total REO is calculated as the sum of all REE as REE_2O_3 , with the exception of Ce, Pr and Tb; which are calculated as CeO_2 , Pr_6O_{11} , and Tb_4O_7 respectively, in accordance with geochemical conventions.

Heavy Rare Earth Elements HREEs = Dy, Er, Ho, Lu, Tb, Tm, Yb, Y;
Medium Rare Earth Elements MREEs = Gd, Eu, Sm;
Light Rare Earths LREEs Ce, La, Pr, Nd.

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TUC Resources Ltd holds approximately 16,000km² of prospective land package across 39 (27 under application) tenements making it one of the biggest ground holders in the Northern Territory of Australia. The business holds eight consolidated project areas across several key geological and metallogenic terrains, affording it the opportunity to diversify exploration into many commodities.

The information in this report relates to exploration results compiled by Ian Bamborough, who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee of TUC Resources Ltd. Ian Bamborough has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Bamborough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.