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ASX Announcement by electronic lodgment Monday 12 October, 2009

DRILLING UPDATE

The Company has commenced a diamond drilling program initially focused on the Achaean Woolner Dome 80 Km east of Darwin, spatially situated between the Rum jungle and Ranger Achaean granitic complexes. On completion of two 200 meter holes at Woolner the drilling crew will then relocate to Tennant Creek to complete a 500 meter exploratory hole to test beneath extremely uranium rich groundwater.

WOOLNER

The Woolner Dome granitic complex has geological similarities to the Rum Jungle and Ranger granitic complexes which host world class uranium deposits. Woolner has not been explored since the early 1980's when it was investigated by the Peko/EZ Joint Venture who at the same time was the successful discoverer of Ranger. Work carried out by the Company on the Woolner Flood Plain last year defined a sequence of highly chloritic and altered sediments on the west margin of the granitic dome. The current drilling is designed to drill through the granite/sediment contact in the vicinity of major structural faults and folding as determined by our previously completed airborne geophysical surveys. Drilling contractors, H2O Drilling Pty Ltd, from Darwin, shall be employing a track mounted diamond drilling rig capable of handling adverse weather conditions which may occur with the approach of the Top End wet season.

TENNANT CREEK WINGAP URANIUM TARGET

H2O Drilling will relocate a multipurpose drilling rig to Tennant Creek to precollar a 150 meter RC drill hole before commencing a 350 meter diamond drill tail, planned to a total depth of 500 meters. This hole will be drilled beneath a 200 meter vertical diamond hole drilled in the early 1980's (TCPD 11), which remained in highly altered and uraniferous granite throughout. Ground water surrounding the drill area contains incidences of the highest level of uranium (16 PPM) in ground water, ever encountered in the geological literature (See figure 1 below). The anomaly has never been satisfactorily explained. Previous drilling has been essentially limited to shallow holes drilled vertically into the granite.

The planned diamond hole will drill a complete section through the Lower Proterozoic sediments into the contact with intrusive Warrego Granite. It will test a conceptual target of vein hosted mineralization occurring in fault related structures at the contact of the two rock types (figure 2).

Uranium mineralization is commonly associated with some of the IOCG style ore deposits that have been mined at Tennant Creek.

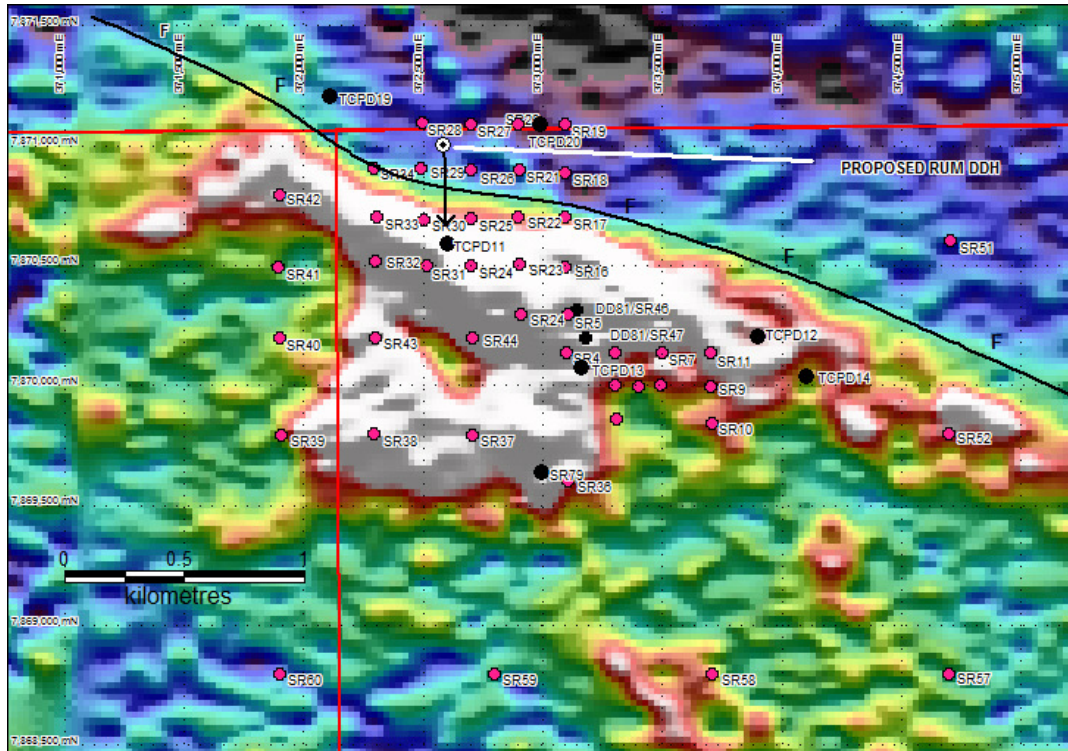


Figure 1: Airborne uranium anomaly over Wingap Uranium Ground water anomaly. Black fault line separates uraniferous granite from Proterozoic sediments to north

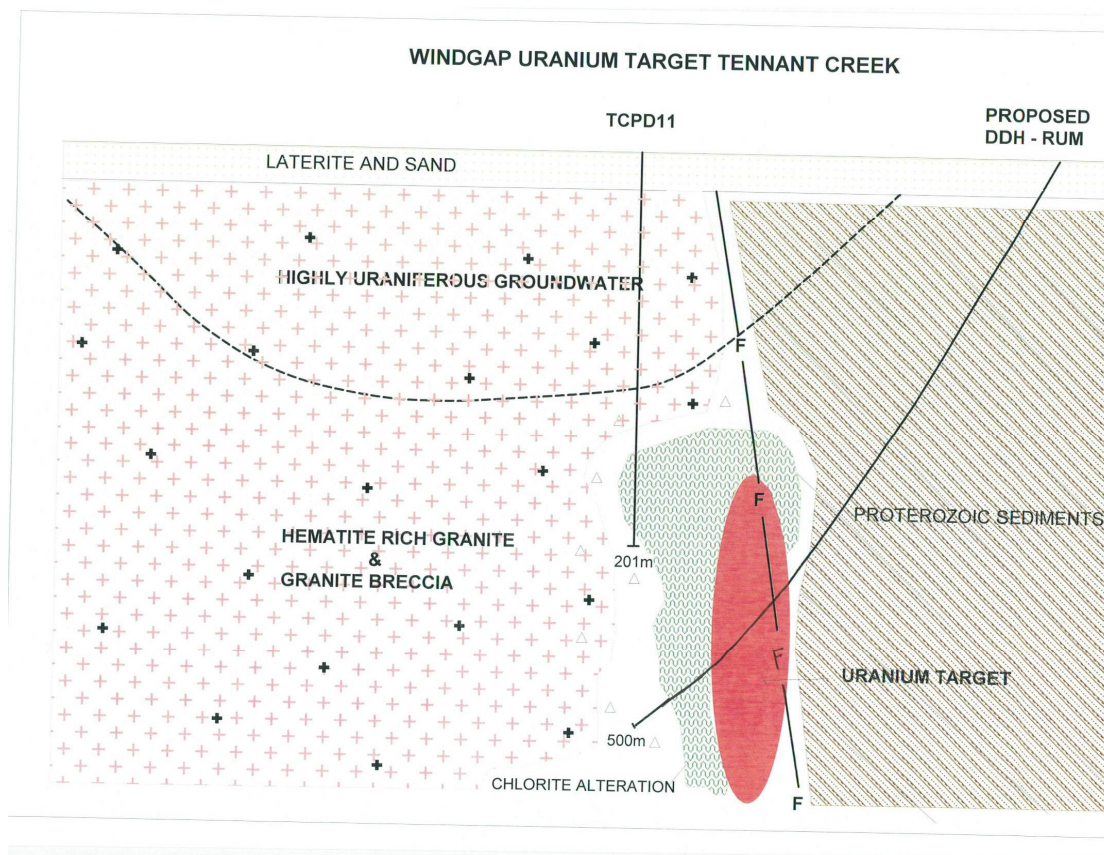


Figure 2: Conceptual model for planned deep diamond drill hole to test source of Wingap uranium.

Drilling is expected to be completed within three to four weeks.

**D.W.MULLER M.Sc, MBA, F.Aus I.M.M.
Managing Director**

Further Information call Rum Jungle Office Darwin: 08 89420385

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 full time employee of 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.