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Listings Officer
ASX Melbourne
ASX Announcement by Electronic Lodgement, 30/07/12

QUARTERLY ACTIVITIES REPORT - JUNE 30, 2012

HIGHLIGHTS

PHOSPHATE

- **AMMAROO PHOSPHATE DRILLING COMMENCED WITHIN WESTERN-MOST TENEMENTS CLOSEST TO RAIL HEAD ON MURRAY DOWNS STATION**
- **STRONG PHOSPHATE INTERSECTIONS ON SOUTHERN-MOST LINE ON AMMAROO 1 DRILL GRID**
- **696 RC HOLES FOR 20,998 TOTAL METRES DRILLED ON BARROW CREEK 1 GRID DURING QUARTER FOR SUFFICIENT DATA TO UPGRADE RESOURCE CATEGORY (AVERAGE HOLE DEPTH 30 METRES)**
- **FAVOURABLE METALLURGICAL RESULTS FROM LABORATORY BENCH TESTS**

POTASH

- **STRONG BRINE FLOWS FROM UP TO 30 METRES DEPTH. HIGHER VALUES OF POTASSIUM AND SULPHATE BEING RECORDED FROM AQUIFER 2. MUCH LARGER RESOURCE LIKELY THAN INITIAL ESTIMATES**
- **NEW LAKE TENEMENTS ACQUIRED ON NT AND WA BORDER TO BE EXPLORED**

CAPITAL RAISINGS

- **SUCCESFUL CAPITAL RAISING DURING QUARTER PROVIDES WORKING CAPITAL OF $13.3M AT END OF QUARTER**

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AMMAROO PHOSPHATE PROJECT (RUM 100%)

Ammaroo Phosphate Project

The Ammaroo Phosphate Project includes 12 exploration licenses and applications which cover a 175 km strike of the northwestern neck of the highly prospective southern Georgina Basin. The project area contains the Barrow Creek 1 deposit, the Ammaroo 1 prospect and significant, as yet untested, greenfields potential. During the quarter, Rum Jungle Resources Ltd ("RUM") undertook regional phosphate exploration, grid drilling at Ammaroo 1 and further resource definition drilling at Barrow Creek 1. At the time of writing drilling had also commenced on EL 26196, Murray Downs, 70 km west of Barrow Creek 1.

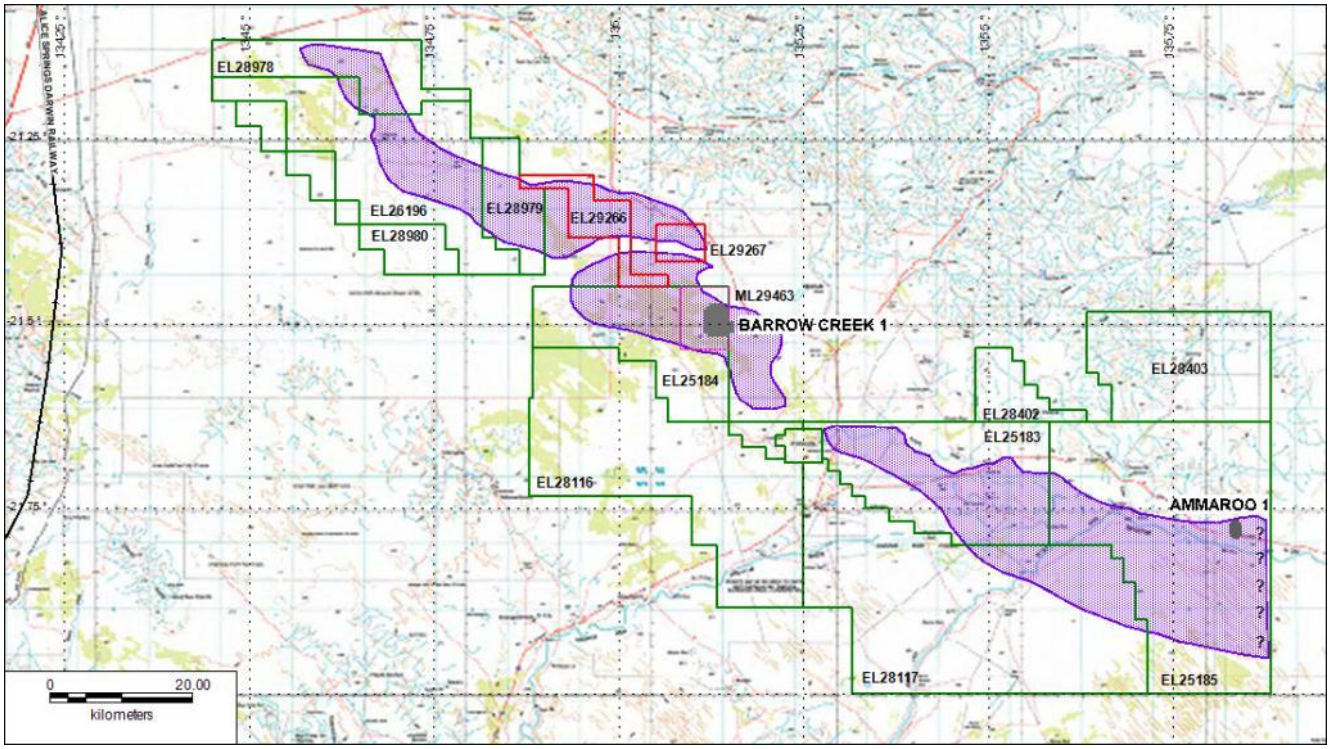

Figure 1: Rum Jungle Resources' and subsidiaries' holdings as of 12/06/2012, showing granted ELs in green, applications in red , the named phosphate deposits, the prospective interval in purple stipple and the proximity to the railway to the west. Recent and past drilling by the Company within the purple target zone has produced numerous lower grade (<10%) phosphate intersections, confirming an extensive phosphate horizon extending through ELs 25183 and 25185. The current priority is to test the western most targets closest to rail, with a much lower freight cost to Port.

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Barrow Creek 1 Deposit

RUM discovered the Barrow Creek 1 phosphate deposit on EL 25184 in 2010. The 250 million tonne deposit is attractive in comparison to other Georgina Basin deposits as it lies only 80 km from the Darwin-Alice Springs railway; it contains high-grade material and is relatively shallow. A program of step-out and infill resource definition drilling has progressed during all of the 2012 field season with the aim to upgrade the JORC resource status. During the quarter, 696 holes were completed for 20,998 m. In total since the beginning of 2011 to the end of June 2012, 1,539 RC holes have been drilled for 46,424 m at the Barrow Creek 1 deposit along with 32 diamond drill holes and four bulk sample costeans. This information will give a higher degree of confidence in establishing a mine plan.
Whilst assay data is being received constantly, some robust intersections have been reported for drilling undertaken during the quarter:

- 11 m @ 28.2% P_2O_5 from 26 m including 8 m @ 32.8% P_2O_5 in hole BCRC1179
- 7 m @ 23.0% P_2O_5 from 19 m including 2 m @ 33.4% P_2O_5 in hole BCRC1177
- 10 m @ 20.4% P_2O_5 from 28 m including 1 m @ 31.2% P_2O_5 in hole BCRC1174
- 7 m @ 20.5% P_2O_5 from 19 m including 2 m @ 32.3% P_2O_5 in hole BCRC890
- 5 m @ 27.8% P_2O_5 from 19 m including 2 m @ 32.9% P_2O_5 in hole BCRC1069
- 8 m @ 23.4% P_2O_5 from 16 m including 1 m @ 30.7% P_2O_5 in hole BCRC0943
- 4 m @ 21.7% P_2O_5 from 18 m including 1 m @ 32% P_2O_5 in hole BCRC869
- 5 m @ 26.0% P_2O_5 from 16 m in hole BCRC860
- 9 m @ 18.7% P_2O_5 from 14 m in hole BCRC1029
- 10 m @ 18.6% P_2O_5 from 15 m in hole BCRC1026
- 7 m @ 20.4% P_2O_5 from 18 m in hole BCRC1028
- 5 m @ 22.4% P_2O_5 from 18 m in hole BCRC940
- 12 m @ 17.3% P_2O_5 from 24 m in hole BCRC1058

Generally, all assays being received are confirming the uniformity of the deposit.

Figure 2 below depicts the area of shallower mineralisation where commencement of mining is first likely to take place. Ore reserves within this area will be compliant to Indicated JORC status once all data has been plotted, prior to completion of a Feasibility Study.

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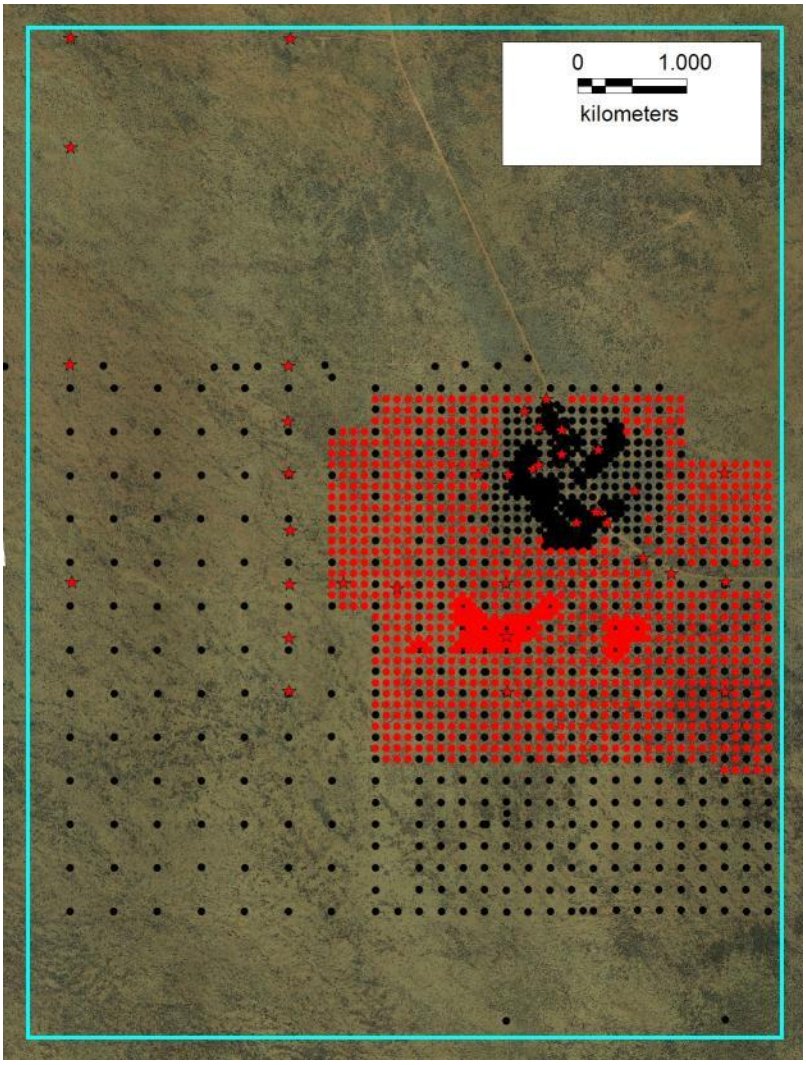

Figure 2: All drilling completed at Barrow Creek 1 up to the end of the June 2012 quarter. Red stars are early exploration holes, black dots are holes prior to 2012 and the red dots are the current drilling so far completed in the 2012 field season. The turquoise rectangle is the Mineral Licence application.

Beneficiation Testing

Over the last few months, bench-scale metallurgical testing has produced very encouraging results. The Company has recently completed preliminary metallurgical testing on samples from the Barrow Creek 1 Deposit. The test work was broken into two streams: The preparation of a DSO product from the high grade portion of the deposit for short term cash flow; and a beneficiation process to produce a high grade concentrate from the bulk of the Barrow Creek 1 Deposit.

A high-grade portion of the Barrow Creek 1 Deposit has been identified as having the potential to produce a Direct Shipping Ore (DSO) product. Bench scale work on this DSO component has focused on simple sizing followed by gentle mechanical attrition and de-sliming to remove clays. The encouraging work to date will be followed up with a larger bulk sample to define a process route. Bulk sample testing is expected to be completed in the September quarter.

In addition, a two tonne bulk sample of +30%P_2O_5 material has been excavated (Figure 3) and shipped to Perth to be set aside for bulk testing through a small pilot plant.

The bulk of the Barrow Creek 1 Deposit has responded very favorably to beneficiation with a high-grade concentrate produced at bench-scale. The flotation work carried out to-date has focused on de-sliming followed by flotation to remove aluminium, iron and silica impurities. Further larger scale work is planned for the coming months to better define processing costs and further improve phosphate recovery and concentrate grade.

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Beneficiation Results Summary

The scoping flotation tests have been conducted on bulk composite and individual samples to assess the potential for beneficiation including screening and selection of suitable flotation reagents and conditions. Other test work has also investigated possible processing routes to optimize the flotation feed by rejecting aluminium, iron and silica whilst upgrading the phosphate content and minimizing phosphate losses to the slimes. A small number of flotation tests conducted on the rejected slimes material indicate potential for producing additional concentrate tonnage.

The grade of the bulk composite sample prepared was:

P_2O_5 16.9%	Al_2O_3 7.1%	Fe_2O_3 2.1%	SiO_2 43.5%	CaO 22.8%	MgO 0.65%

Processing and desliming typically upgraded the flotation feed to:

P_2O_5 18.8%	Al_2O_3 3.1%	Fe_2O_3 1.7%	SiO_2 45.9%	CaO 25.5%	MgO 0.29%

whilst rejecting approximately 46% of the mass to the slimes stream.

Preliminary flotation tests typically produced a high grade concentrate with a low MER* of 0.11 and low R_2O_3* of 3.0, assaying:

P_2O_5 30.7%	Al_2O_3 2.0%	Fe_2O_3 1.0%	SiO_2 18.5%	CaO 41.7%	MgO 0.23%

at a phosphate recovery of ~70% during flotation.

With individual tests producing even better results, including a concentrate with MER* of 0.06 and low R_2O_3* of 1.8, assaying:

P_2O_5 32.8%	Al_2O_3 0.7%	Fe_2O_3 1.1%	SiO_2 15.5%	CaO 44.6%	MgO 0.10%

at a phosphate recovery of ~90% during flotation; and some products assaying as high as 33.8% P_2O_5.

*Concentrates with lower MER and/or R_2O_3 can attract premium prices:

* MER (minor element ratio) is calculated as ratio of sum of metal oxides equivalents to phosphate content ie (Fe_2O_3 + Al_2O_3 + MgO)% / P_2O_5%

*R_2O_3 is the sum of Fe_2O_3 and Al_2O_3.

A fourth shallow costean was dug recently by excavator to extract a medium grade bulk sample from 3-5 m depth and a high grade bulk sample (32% P_2O_5) from 5-7 m depth. Figure 3 highlights the ease of extracting bulk samples and potential open cut start up mining with such little overburden.

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Figure 3: Shallow high-grade phosphate mineralisation exposed in near surface bulk sample pit excavated in June 2012

Test-Water bore Drilling and Water Quality

Underdale Drilling and Groundwater Science undertook pilot water bore drilling on EL 25184 near Barrow Creek 1 in May with three test bores being completed. The most successful, W103, is about 10 km from the centre of the Indicated Resource. The test bore flowed 1000 ppm salinity water at 1.0 L/s on airlift test with 0.04 m drawdown from 81 m. Groundwater Science submitted their report and recommendation to convert pilot bore W103 to an observation bore and to drill an adjacent 8 inch production bore to 200 m depth which should produce >20 l/sec. The water from this bore should be potable and provide an important source of industrial water for processing.

Environmental

A flora and fauna environmental survey report for Barrow Creek 1 was received from EcOz Environmental Services.

Remote Sensing

To assist in future mine planning, DiMap flew the area bounded by the ML application with 10 cm resolution orthophotography and 15 cm resolution DEM.

Ammaroo 1 Prospect

The Ammaroo 1 phosphate prospect was discovered in 2009 following-up a 45 m intercept of 6.7% P_2O_5 in Government water bore RM130015. The area was then tested with 19 exploration drill holes. During the quarter, RC drilling was undertaken over the Ammaroo 1 deposit with the aim of defining the size and extent of phosphate mineralisation. A 400 m x 400 m drill hole layout was planned over Ammaroo 1, with drilling covering an area of 6 km x 3 km. This initial drilling over Ammaroo 1 was completed by the end of April, 119 holes were drilled for 5,817 m. Assays were reviewed and several exceptionally thick intersections were found in the south-southeast of the grid, indicating that better phosphate may be present on the southern side of the road and closer to the Sandover River. These include:

- 19 m with 20% P_2O_5 from 35 m
- 9 m with 17% P_2O_5 from 28 m

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The host rocks at Ammaroo 1 appear quite different to those at Barrow Creek 1, and at least some phosphate mineralisation may be hosted by the Thorntonia Limestone, rather than the siltstone of the Arthur Creek Formation at Barrow Creek 1.

Assay data for all mineralised intersections drilled in 2012 were received by the 11th of July and are depicted in the figure below. To date, the shallowest phosphate of reasonable grade is 20 m subsurface and depths range to >45 m in the northeast.

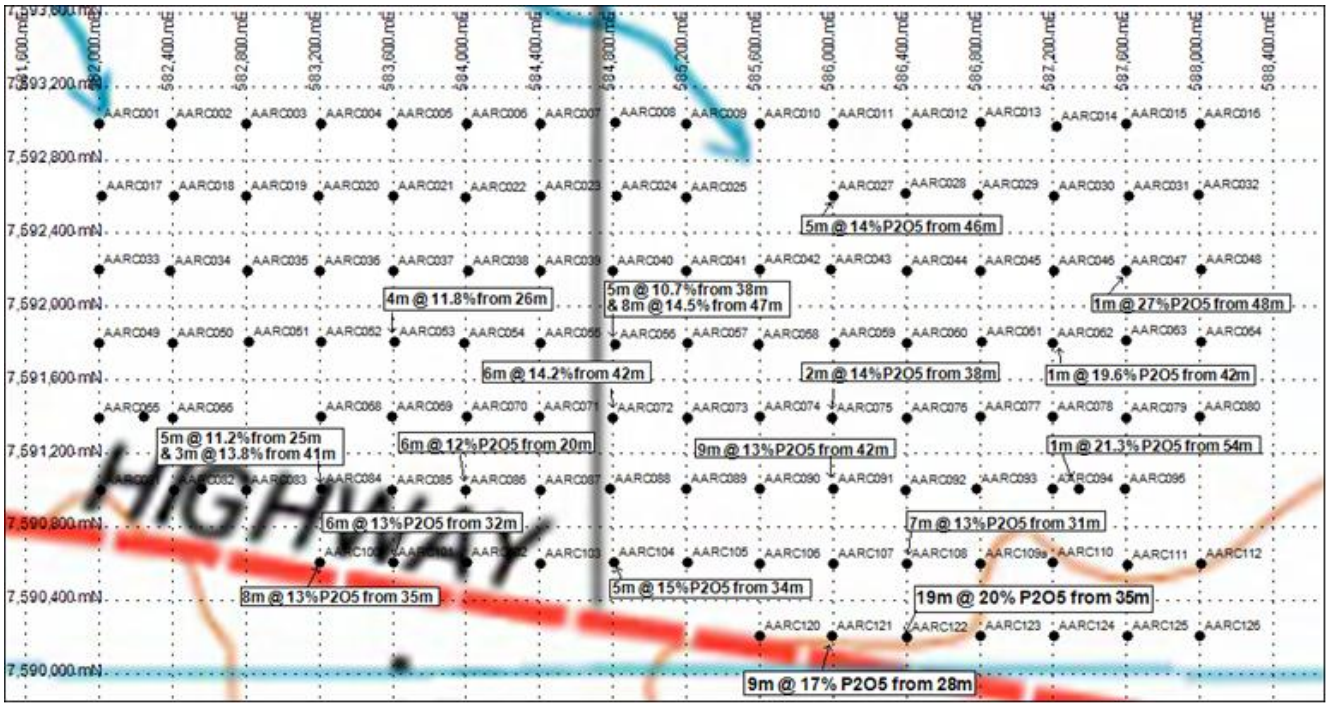

Figure 4: Best-of-hole intercepts for 2012 drilling to date at Ammaroo 1. Drill spacing is 400 m. Note that not all analyses have been received.

Once all assays have been plotted, the data will be reviewed and interpreted in the wider context of the whole Ammaroo Project before deciding at what density further drilling might be carried out, and/or if it is worth pursuing a JORC resource statement for Ammaroo 1, given that Barrow Creek 1 is a much more attractive deposit on which to commence mining. Approximately thirty 400 m by 200 m spaced holes could be added between the existing southern line of the grid and an excluded area paralleling the Sandover River and its banks. Approval has been given to drill south of the river once access can be established, but additional approval will be required to drill some of the aforementioned 30 holes. These holes could substantially increase to the size of the deposit as well as confirming better grades and thicknesses trending south.

Regional Phosphate Exploration in Ammaroo Project ELs 28402 and 28403

After completing the Ammaroo 1 drill grid, the rig continued drilling on existing station tracks to test the phosphate potential of tenements EL 28402 and EL 28403. These leases cover putative outcropping Arthur Creek Formation to the north of Ammaroo 1. These ELs are not within the primary phosphate target area however warranted reconnaissance exploration drilling. Holes were drilled 1 – 2 km apart and a total of 14 holes were drilled for 654 m. The first hole drilled, BCRC133, intersected 6 m at 4.5% P_2O_5 from 48 m.

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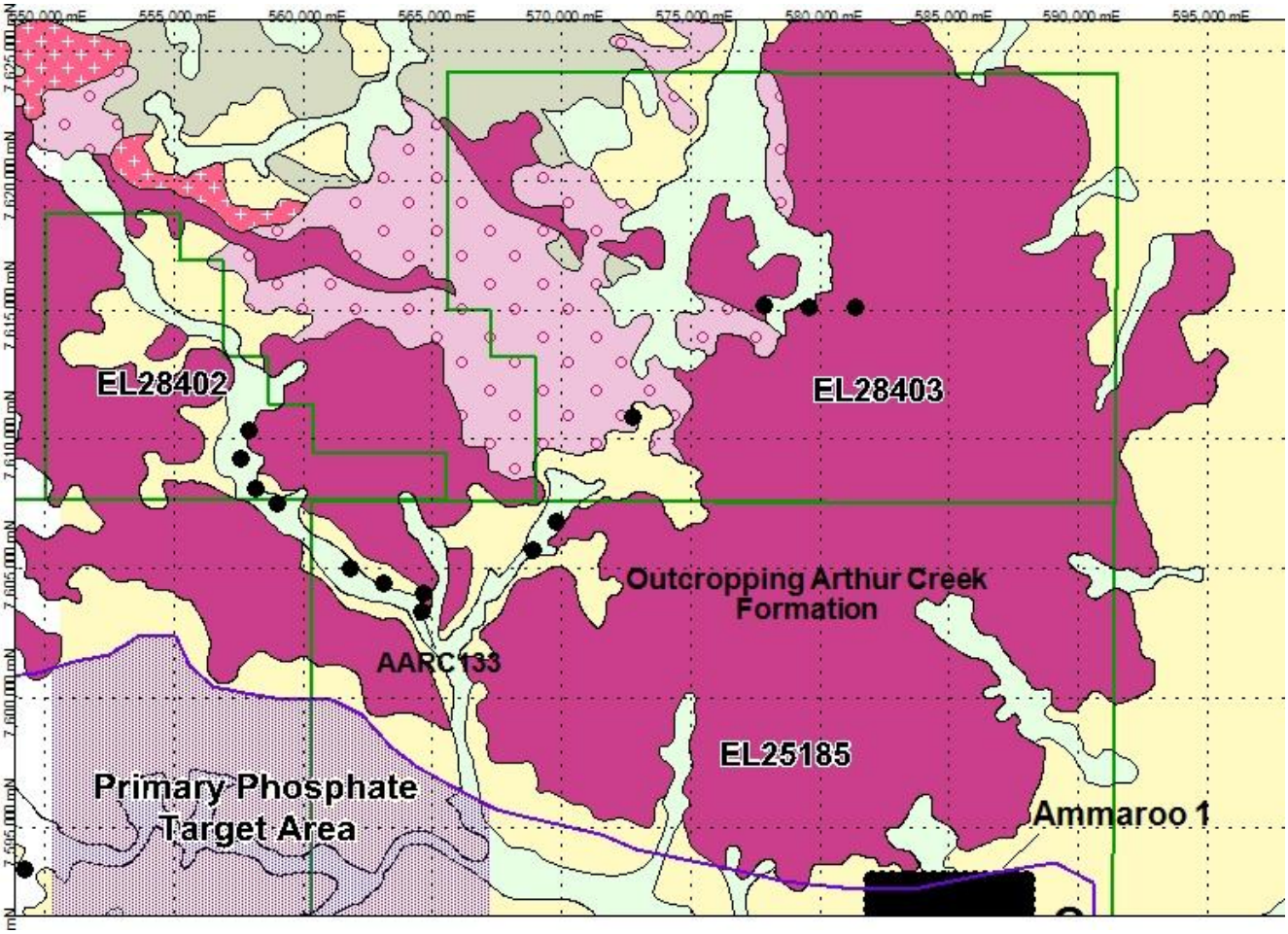

Figure 5: Regional drilling north of Ammaroo 1. The geology is from published maps and may include some Thorntonia Limestone as Arthur Creek Formation.

Titles Matters

The transfer of EL 26196 from Spinifex Uranium Pty Ltd was completed on 13/06/2012.

Indigenous Affairs

An on-country meeting was held at the Murray Downs Community for site clearances to begin on the new ELs west of Barrow Creek 1 and Central Land Council and Traditional Owner clearances were completed on 15/06/2012. Certain no-go zones were declared, but the majority of the proposed drilling was approved. The company is entering into an Exploration Agreement with the Central Land Council to cover the Murray Downs tenements.

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KARINGA CREEK POTASH PROJECT (RUM71%, Reward 29%)

RUM and Reward Minerals Ltd JV. RUM is operator, sole risk funding and increasing equity

The Karinga Creek Potash Joint Venture between Rum Jungle Resources Ltd and Reward Minerals Ltd includes six granted exploration licences for 2,310 km^2 along the Lasseter Highway between Alice Springs and Uluru. The companies are exploring for sulphate of potash (SOP) and potassium magnesium sulphate (Schoenite) in sub-surface lake brine in up to 26 dry salt lakes on pastoral leases adjacent to the Lasseter Highway.

Earlier this year the Joint Venture posted a maiden Inferred and Indicated JORC resource of 530,000 tonnes of SOP (equivalent to 1.2 million tonnes of Schoenite) based on sonic and vibracore drill holes from 2011 to an average depth of 3.2 m. This resource calculation was confined to surface muds within the top three metres of the lake systems (Aquifer 1).

The Joint Venture is extremely pleased to announce that in the current exploration program, brine has been flowing from the deeper Aquifer 2 in numerous holes on numerous lakes to depths reaching 30 m.

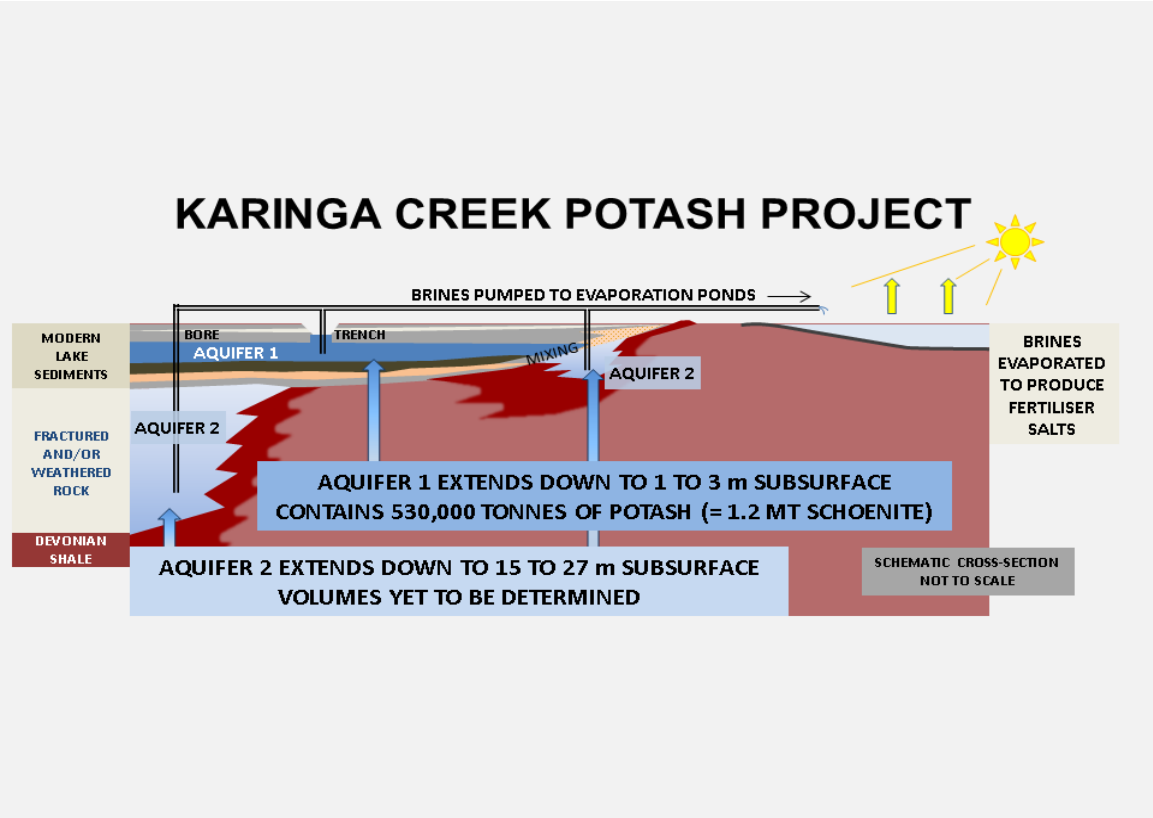

Figure 6: Schematic Diagram depicting brine supply from various possible sources. Aquifer1 and Aquifer 2 may be the same but demonstrates the potential increase in brine resource below the surface Aquifer 1.

The latest drill program has been completed with a track-mounted air core drill rig and support truck taking water samples from air core holes down to 40 m depth and installing 100 mm PVC cased water bores at selected sites for future pump testing. During the quarter, 79 holes were drilled for 1,249 m with approximately half of these being cased. Holes with better brine production also had piezometer arrays installed around them to monitor drawdown, transmissivity and specific yields during pump testing. Subsequent to the end of the quarter, the drilling program was completed with a total of 99 air core holes drilled and an additional 30 piezometers installed. The aim of the drill program was to firstly confirm the viability of Aquifer 2 and that it had reasonable yields and secondly to find areas on each lake that produced higher flows, keeping in mind certain drill holes produce no water at all. Twenty three lakes were drill tested during this drill program with the overall objective being to prove up a potash resource of another order of magnitude as compared to the shallow lake brine in Aquifer 1.

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Deeper brines (Aquifer 2) have been intersected in most lakes in the central and western parts of the project. In the eastern lakes, Aquifer 2 was rarely intersected however good flows were intersected from lake sediments (Aquifer 1) in certain lakes. The Department of Resources (DoR) has yet to approve the construction of four trial trenches for pump testing but has approved pump testing from installed water bores which will commence on July 29.

Flow rates and brine assays from 100 mm cased holes used for this drill program are included in Table 1 below. Production bores for a processing operation may be larger diameter of 200-300 mm meaning much larger flow rates may be possible from each bore hole. Trenches would be expected to produce much larger flow rates than bore holes if they are approved. The best 19 bores listed in Table 1 have produced 45 litres per second of salt water brine during air lift pump tests.

The Joint Venture partners are particularly encouraged by the high flow rates at depth from Aquifer 2 in small diameter test holes and we look forward to the pump testing program which will commence immediately whereby selected bore holes will be flow tested for up to three days each to test longer term drawdown effects on Aquifer 2 beneath the salt lakes.

A follow-up drill program will be planned after information from pump testing has been reviewed. The pump testing data will show how close bores can be spaced in the better flowing areas of each lake. Depending on DoR approvals, it is hoped that a follow-up drill program can be completed by the end of the year at which time an updated resource estimation will be released.

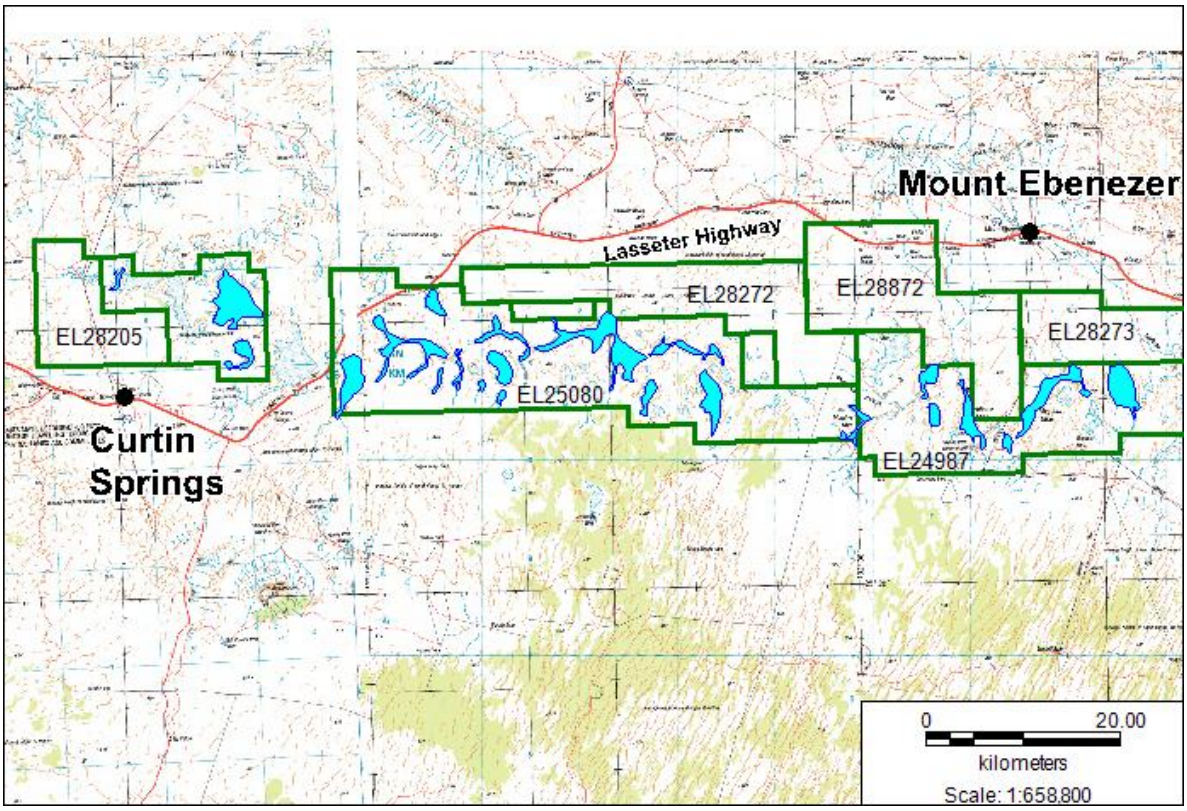

Figure 7: Location map of Karinga Creek salt lakes

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Figure 8: Tracked air core drill rig and compressor support truck driven onto the lake edge on mats

Hole	Easting	Northing	Lake	Interval (m)	Flow (litres/sec)	Aquifer	K (mg/L)	Mg (mg/L)	SO4 (mg/L)
KLAC010	261456	7191535	Pulcura	0-6	3.2	1 and 2	4033	4100	26666
KLAC024	250178	7194218	Murphys	0-4.1	2.8	1	3550	5250	29500
KLAC029	247544	7192398	Murphys	0-3	1.25	1	5333	11333	54000
KLAC033	233115	7198556	Miningere	0-15	3.2	2	8533	3450	45833
KLAC035	233227	7198419	Miningere	0-24	5	2	8688	3344	44888
KLAC048	205797	7199139	Island 5	3-15	6.5	2	5500	11000	36000
KLAC049	206081	7200875	Swansons North	1.2-13.2	2.5	2	3300	11000	48000
KLAC051	207419	7200549	Island 4	1.2-13.2	3.2	2	6200	9900	34000
KLAC052	207700	7199413	Island 4	1-13	1.25	2	5200	11000	59000
KLAC056	209596	7197647	Island 2	0-12	2	2	7600	7700	50000
KLAC060	212289	7196745	Island 1	3-9	2.5	2	7400	10000	58000
KLAC062	211804	7197743	Curtin Boundary	3-14	0.8	2	5100	7400	39000
KLAC065	212837	7199033	Curtin Boundary	4-10	1.25	2	3700	6300	26000
KLAC068	210070	7202262	Skinny	0-12	1.5	2	4400	8800	58000
KLAC070	211663	7202791	Skinny	4-22	1	2	4400	6600	25000
KLAC086	205178	7207067	Miningere West	0.5-18	1.8	2			
KLAC088	787323	7204499	Curtin North	0-27	2	2			
KLAC089	789691	7202766	Mallee Well East	0-5.5	2.1	2			
KLAC096	788868	7207171	Curtin North	0-24	1.3	2			

Table 1. Flow rates and brine assays from selected drill holes

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Note: Flow rates are air lifted flow rates from drill rig compressed air from 100mm slotted PVC holes.
The last four assays have not yet been received. Assays are from brine only and results are from samples taken during flow testing of completed bore.
10 000 mg/L =10 000 ppm = 1%

Brine assay results peaked at 10,000 mg/L potassium (1%) and 200,000 mg/L sulphate (20%) in hole KLAC058 on Island 1 Lake but due to casing problems the bore did not flow well. Magnesium values peaked at 1,600 mg/L (1.6%) in hole KLAC047 on Island 5 Lake which flowed well during drilling but at a much reduced rate when cased for unknown reasons.

Figure 9: Flow testing a bore from 6 m depth on Pulcura Lake

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Figure 10: Flow testing a bore from 3 m depth on Murphys Lake

Figure 11: Brine produced during air core drilling of hole on Miningere Lake to 24 m depth

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Remote Sensing

GeoImage have been engaged to undertake processing, stitching and rectification of suitable existing satellite imagery over the Karinga Lakes and the Angus Downs project areas. A minimum of 5 m optical resolution colour imagery was requested. Night-time thermal infra-red imagery, which has been used successfully to map shallow-buried aquifers and palaeochannels elsewhere in Central Australia, will also be investigated.

Environmental

Low Ecological Services conducted a three day flora and fauna survey in May over part of the project area including three potential sites for evaporation pond construction.

Archaeological Assessment

Earth Sea Heritage Surveys submitted an updated addendum to their previous work, to cover parts of EL 24987.

OFFER OF WA POTASH TITLES

Piper Preston Pty Ltd contacted Rum Jungle Resources Ltd wishing to sell granted exploration titles over Lake Hopkins in WA and the WA portion of Lake Macdonald, which straddles the NT/WA border. These lakes are west of Lake Amadeus and form part of the Central Australian Groundwater Discharge Zone, which hosts the Karinga creek lake system. These dry salt lakes, which are each over 100 square kilometres in size, could hold substantial quantities of subsurface potassic rich brine ideally suited for evaporation ponds in this desert environment. The company has had preliminary discussions with representatives from the Ngaanyatjarra Land Council, the representative body for the local Tjukurla community at Lake Hopkins.

Figure 12: The title over Lake Hopkins, the title is about 12 km across.

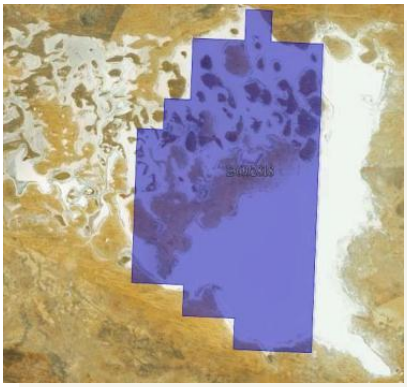

Figure 14: The title over Lake Macdonald, the title is about 10 km across and only over covers the WA portion of the lake which straddles the NT/WA border.

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Figure 15: Lake Hopkins , on the WA / NT border

ROSS RIVER / ALICE SPRINGS PROJECT (RUM 100%)

This project area has defined targets for copper, nickel-PGE, iron and uranium mineralisation and untested magnetic anomalies under cover. DoR have yet to approve the 2012 MMP. The Central Land Council has issued a sacred site clearance certificate allowing drilling and access track clearing to commence with the exception of one target area which was declared a sacred site. Drilling will proceed in the next quarter immediately after approvals from DoR.

MOUNT BUNDEY / TOP END PROJECT (RUM100% & earning 70% in EL 25165)

No work was conducted during the quarter. Subsequent to the end of the quarter, an RC drilling program was completed on uranium targets and VTEM targets under black soil cover. Samples will shortly be submitted for assay. A 1,000 m air core program will commence in August targeting an historic gold anomaly on the eastern side of Mount Goyder. A soil sampling program at Donkey Hill gold prospect on ELs 24468 and 25165 has also recently commenced. Gold targets generated will be followed up by RC drilling.

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DAJARRA, QUEENSLAND (RUM 100%)

The five Dajarra EPMs 18560-18564, centred about 75 km southwest of Mount Isa, are targeting albitite-hosted Valhalla-style uranium mineralisation and iron-oxide copper gold uranium along faults which splay off the major Mount Isa Fault system. Target definition based on radiometrics, magnetics and structural data resulted in a list of 31 sites to visit on the five EPMs during a helicopter reconnaissance. Access to the two western-most EPMs on Ardmore Station was denied because of heli-mustering. A RUM helicopter survey was completed on the remaining areas in June and samples have been sent for analysis.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

During the quarter, 7,888 person-hours were worked on the Ammaroo Phosphate project and 2,600 hours were worked at Karinga Lakes.

WORKING CAPITAL

Following exercise of Director's options and an institutional placement during the quarter working capital at end of quarter was approximately $13.3M, represented by cash on deposit.

DW Muller MSc, MBA, FAusIMM
Managing Director

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 Australasian Institute of Mining and Metallurgy.

Mr Muller is Managing Director of Rum Jungle Resources Ltd and an employee of the Company. Mr Muller has sufficient experience which is relevant to the style of mineralisation 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 "Australasian 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 their information in the form and context in which it appears.

This document may contain forward-looking statements. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information. Actual values, results or events may be materially different to those expressed or implied.