

Listings Officer
ASX Melbourne

ASX Announcement by Electronic Lodgement, 22nd April, 2013

Rum Jungle Resources Ltd announces positive Scoping Study results for the Barrow Creek 1 Phosphate Project

- 3 options have been identified as potentially viable to develop the Barrow Creek 1 project as a standalone operation
- Potential operating life in excess of 25 years
- Project NPV range of \$320M - \$450M
- Project IRR range of 14.0% - 18.7%
- Conservative assumptions used
- Potential for significant upside
- Results warrant the commencement of a pre-feasibility study
- Cash at bank of \$14.65 million as at 31 March 2013

Rum Jungle Resources Limited is pleased to announce completion of its scoping study and preliminary economic assessment of the Barrow Creek 1 Phosphate Project, located in the Northern Territory. The scoping study presumes a capital and operating cost estimate to an accuracy level of +/- 35%.

The scoping study identifies three phosphate production and associated transport to railhead options as potentially economic and technically viable for the development of the Barrow Creek 1 Phosphate Project as a standalone operation with an operating life in excess of 25 years.

The scoping study recommends the commencement of a pre-feasibility study to further define the optimum development project for Barrow Creek 1 that would form the basis of a future bankable feasibility study.

David Muller, Managing Director of Rum Jungle Resources Limited, commented:

"We are very pleased with the progress of the Barrow Creek 1 Phosphate Project and the positive outcome of the scoping study highlighting the potential for Barrow Creek 1 to be developed on a standalone basis with an operational life well in excess of 25 years. It should be noted that the study has been conservative in its assumptions of project timing, capital and operating costs, phosphate recoveries and assumptions around long-run phosphate prices and exchange rates which create an opportunity for further upside in the economics. For example, our DSO start-up price assumption is at a discount of approximately 30% to the current FOB price of Moroccan + 30% phosphate rock. We will provide further details on timing of the next phase in due course when the scope of the proposed pre-feasibility study is fully determined."

The Scoping Study commenced in November 2012 and completed in April 2013. Arcon Mining Services, a wholly owned subsidiary of the Allmine Group (ASX code: AZG); acted as Study Manager.

A number of credible consultants including Coffey Mining, MPR Geological Services, Pegasus TSI (Florida), ALS Global, Groundwater Science and Origin Capital provided specialist input and analysis in support of the scoping study. Genesee & Wyoming and the Ports Corporation of Darwin provided commercial input regarding rail transport and port operations.

Rum Jungle Resources has a market capitalisation of over \$45 million (at 19 April 2013), holds \$14.65 million in cash at bank as at 31 March 2013 and has no outstanding debt.

For further information, please contact:

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Managing Director

Appendix 1 - Key Parameters of Potential Development Options

	Option 1	Option 2	Option 3
Project	A Direct Ship Ore (DSO) start-up (up to 4 years) ramping up to 1.8 million tonnes per annum product output As grade drops below DSO level, commence beneficiation through flotation to produce a 30%-32% P ₂ O ₅ rock, for the remainder of the operating life producing 1.8 Million tonnes per annum product output	Beneficiation through flotation ramping up to 1.8 million tonnes per annum of 30%-32% P ₂ O ₅ rock from start-up	Production of 540,000 tonnes per annum Merchant Grade Phosphoric Acid through either a 'Wet Process' or a 'Thermal Process'
Transport to railhead	DSO transported 90km to the railhead by road initially before the construction of a slurry pipeline to transport beneficiated rock to the rail head	Beneficiated rock transported 90 km by slurry pipeline to the rail head	Acid transported 90 km by pipeline to the rail head
Construction start-up	Q3 2014	Q3 2014	Q3 2014
Production commencement	Q1 2016 for DSO, Q4 2019 for beneficiated rock	Q1 2016	Q3 2016
CAPEX estimate	\$277m for DSO start-up and a further but delayed \$175m for beneficiation	\$432M	\$830M
Product specifications	Ramp-up to 1.8 million tonnes per annum DSO >27% P ₂ O ₅ 1.8 million tonnes per annum beneficiated rock 30%-32% P ₂ O ₅	1.8 million tonnes per annum beneficiated rock 30%-32% P ₂ O ₅	540,000 tonnes per annum merchant grade phosphoric acid
Indicative waste to ore strip ratio	<3 to 1	<3 to 1	<3 to 1
Indicative phosphate recovery and cut-off grade	DSO – 50% recovery, cut-off grade 24% Beneficiated Rock – 66% recovery, cut-off 12.5%	66% recovery, cut-off grade 12.5%	>75% recovery, cut-off grade 12.5%
Indicative average cash costs of production (not including Royalties) 25 year life, FOB Darwin*	Average \$86 per tonne of export product Year 2 - \$70 per tonne, Year 25 \$96	Average \$88 per tonne of export product Year 2 - \$78 per tonne, Year 25 \$96	Average \$510 per tonne of export product Year 2 - \$470 per tonne, Year 25 - \$523 per tonne

	Option 1	Option 2	Option 3
Average annual royalties**	\$12 per product tonne	\$12 per product tonne	\$12 per product tonne
Long run phosphate price assumptions, FOB*	DSO >27% - US\$120 per tonne >30% Rock US\$140 per tonne in 2016 increasing to US\$150 per tonne in 2018 and US\$160 in 2022	>30% Rock US\$140 per tonne in 2016 increasing to US\$150 per tonne in 2018 and US\$160 in 2022	US\$800 per tonne in 2016 increasing to US\$860 per tonne in 2018 and US\$920 per tonne in 2022
Weighted average cost of capital (post tax nominal)	8.5%	8.5%	8.5%
Inflation	2.5%	2.5%	2.5%
Currency exchange rates	AUD/USD \$1.00 long run	AUD/USD \$1.00 long run	AUD/USD \$1.00 long run
Project NPV (8.5% post tax nominal WACC)	\$340 million	\$320 million	\$450 million
Project IRR	18.7%	16.6%	14.0%

* Real 2013 Australian dollars (US dollars where indicated)

** Incorporates estimated NT Government royalties, estimated payments under a Native Title Agreement and an existing 40 cents per product tonne royalty

Key study assumptions included:

- The total Measured, Indicated and Inferred Resource is 238 million tonnes at an average grade of 14.6% at a cut off of 10% P₂O₅
- Market specifications for export beneficiated rock are 30%-33% P₂O₅
- Rail and port export capacity for rock products assumed to be 1,800,000 tonnes per annum which determines a target rock product output rate
- Target phosphoric acid output rate circa 540,000 tonnes per annum
- Mining and processing rates determined by product output rate to maximise utilisation of transport infrastructure
- Chemical composition of the phosphate ore indicates very low levels of Uranium and Cadmium but higher than normal levels of lead, which is common to the Georgina Basin phosphate occurrences, in comparison to the Moroccan benchmark standard for export phosphate rock.
- Scoping study CAPEX and OPEX estimates are ±35%

The key focus areas of the pre-feasibility study will include:

- Additional metallurgical test work and process flow sheet development to provide greater process certainty, improve recoveries and ensure marketable product qualities can be met on a commercial scale.
- Engagement with global and Australian fertiliser producers to clearly define a market entry strategy, fully understand the value in use of potential products and attract off take partnerships
- Further development of the mine plan and optimisation of mining method and associated equipment
- Further definition of water requirements and ground water sources
- Optimisation of transport and logistics commercial outcomes with rail operators and the port
- Reduce the uncertainty over CAPEX and OPEX estimates from 35% to 15%
- Complete Native Title Agreement and granting of a minerals lease
- Commence environmental approvals process
- Engagement with potential development partners and financiers

This document contains 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. Caution should be taken with respect to any forward-looking statements and you should not place undue reliance on any forward-looking statements.