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Listings Officer
Company Announcements
ASX Limited, Melbourne

KARINGA LAKES POTASH SCOPING STUDY UPDATE

ASX ANNOUNCEMENT

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Key Points

- **Total brine resource and extractable brine resource review, chemical and processing analytics, process flow sheet design, mass balance work and general brine extraction and processing facility layout have been completed by China International Chemical Consulting Corporation (CICCC)**
- **Scoping study is being further progressed by GHD Australia who will conduct the completion phase including estimates of Australian capital and operating costs to enable scoping study level economic assessment**
- **Two production scenarios being studied:**
 1. **100,000 tonnes per annum of sulfate of potash (SOP)**
 2. **A smaller scale, lower environmental footprint operation producing 100,000 tonnes per annum of a potassium magnesium sulfate (schoenite) an intermediate product that could be sold regionally as a fertiliser. Approximately 4 tonnes of schoenite are needed to produce 1 tonne of SOP**
- **An initial market and pricing study of key potential regional markets has been completed**
- **Target scoping study completion date is the end of November 2014**
- **Findings from Karinga Lakes scoping study are directly applicable to Rum Jungle Resources' other SOP projects in Western Australia, specifically Lake Hopkins, Lake MacDonald and Lake Mackay**
- **Plan to conduct Geoflite (US based proprietary technology widely used to identify microfractures in oil and gas exploration) assessment of the lakes area to identify fracture zones that will enable more targeted deeper drilling in 2015 to confirm the presence of deeper sources of brines to enable an increase of the potash brine resource**

Overview of Production Concepts

Scenario 1 - 100,000 tpa of SOP

Targets brine extraction from a larger number of salt lakes over a larger area. Brine extraction is planned from narrow trenches dug into the lakes. In this scenario, brine is extracted via pumps and pumped to evaporation ponds located on existing salt lakes with lower quality brine or low flow brines in the sub-surface.

Scenario 2 – 100,000 tpa of schoenite

This scenario would be an operation approximately a quarter of the brine volume of scenario 1. This offers the potential for a lower environmental footprint and lower capex project that could be a demonstration phase as well as provide initial cash generation, before being scaled up in the future. Production will also be via brine extraction from trenches, pumped to evaporation ponds.

The Brine Extraction and Salt Processing Process concept is as follows:

- Brine extraction from trenches in salt lakes
- Pumping of brine along trenches and pipelines to evaporation ponds
- Three stage solar evaporation process using existing lakes as evaporation ponds
- Wet hydraulic harvest of salt via floating dredges
- Brine dewatering, thickening and filtration
- Ore dressing (conditioning, grinding, flotation, filtration, washing and centrifugal dewatering)
- Tailings (thickening, filtrate washing and storage)
- SOP Conversion (fractional crystallisation, separation, thickening, drying and packaging)
- Product transport

The GHD review will also include power supply options, water supply options, staff numbers, earthmoving requirements, pump and pipe work costing, access track requirements, evaporation pond construction and freight costs.

The key advantage of this project over others in Australia is its location adjacent to the bitumen Lasseter Highway and its proximity to the Central Australian Railway line that could enable direct access north to the port of Darwin for export to Asia and south to southern Australian markets.

The concept of starting with a smaller operation is also relevant from a market development perspective as regional markets are relatively small, albeit with significant growth potential, therefore market development will be strategically important. China is a significant market but is largely self sufficient through both brine processing operations and conversion of Muriate of Potash (MOP) to SOP at this point. SOP prices in the United States have held up while MOP prices have declined, which is a positive.

The scoping study is also examining the production of the intermediate product schoenite (potassium magnesium sulfate) as a fertiliser product that could be sold into the Australian and South East Asia markets as a start-up option. Schoenite, like SOP, contains low chloride levels and is PH neutral which makes it ideal for high value food crops such as grapes, potatoes, corn and citrus. It is also heavily used in Malaysian Palm Oil plantations. The extra magnesium is particularly ideal for use in black soil agricultural areas. The conversion of schoenite to SOP requires greater capital and operating costs due to higher energy requirements for the fractional crystallisation process.

A review of Karinga brine data has revealed some extremely high nitrate values in some lakes. Potassium nitrate and sodium nitrate is now being used world wide as molten salt for heat storage in solar energy stations for renewable energy production. It may be possible to produce these products from the brines and further study on the potential will be required.

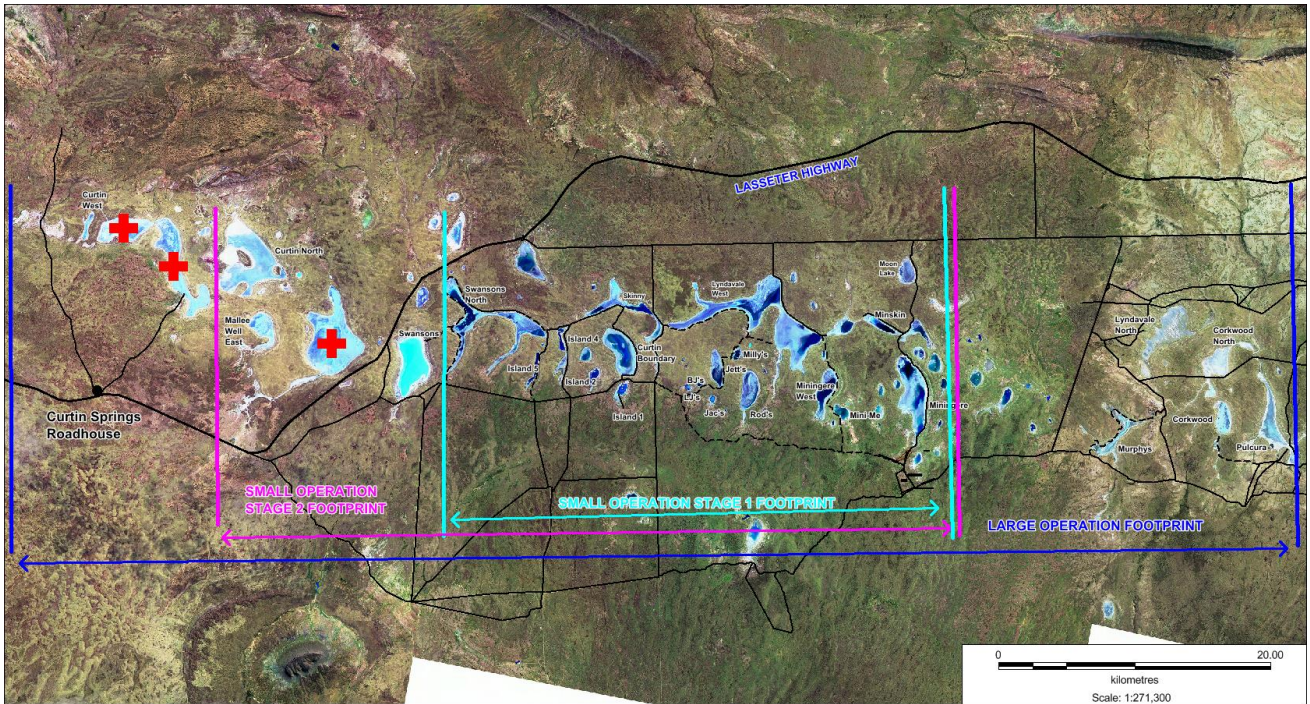


Figure 1. Map of SOP Production Footprints (Red crosses are AAPA registered sacred sites and are not accessible)

Exploration

The company has recently signed a contract with a United States-based geophysical contractor to complete a rock microfracture leakage study over parts of the Karinga Lakes Project. Geoflute is a low altitude multispectral, fracture detection system used to generate high resolution airborne data to map rock microfractures in detail, and to plot high fracture density targets. This data can also be used to plot spectral leakage at fracture intersections.

This is the same technology used to map hydrocarbon fluids through micro-fracture leakage in the oil and gas industry. Rum Jungle Resources will be attempting to use the technology principally to map potassium leakage in fractures beneath salt lakes and under sand dunes between salt lakes.

Rum Jungle Resources has proven the Karinga Lakes brine to be primarily fracture-controlled. This could mean that the originating sources of potassium brines may be from the deeper ground water system known as the Central Australian Ground Water Discharge Zone. Rum Jungle Resources is waiting on the Northern Territory Government approval of a drill program that will target both fracture leakage and deep aquifers beneath and adjacent to, existing salt lakes to increase the potash brine resource of the project.

The host evaporite formation beneath the lakes is known to be around 550 m thick, based on oil well drilling. Rum Jungle Resources drilling in previous years has only targeted the top 50 m of the formation. Potential clearly exists to prove up additional brine resources through further targeted deep drilling.

The Geoflute survey is expected to be flown in coming weeks and drill targeting to commence over the summer period with drill testing to follow next year.

This announcement contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. Although Rum Jungle Resources believes that the expectations reflected in the forward looking statements in this presentation are reasonable, no assurance can be given (and Rum Jungle Resources does not give any assurance) that such expectations will prove to be correct. Undue reliance should not be placed on any forward looking statements in this announcement, particularly given that Rum Jungle Resources has not yet made a decision to proceed to develop the Karinga Lakes Project or any other project, and Rum Jungle Resources does not yet know whether it will be able to finance this project.

A handwritten signature in black ink, appearing to read 'C. Tziolis', with a stylized flourish.

Chris Tziolis
Managing Director