

Quarterly Exploration Activities Report

For the Period Ending 30 June 2012

TUC Resources Ltd (ASX:TUC) provides its Exploration Activities Report for the quarter ending 30 June 2012.

Highlights

Stromberg Heavy Rare Earth (HREE) Prospect

Drill/Resample Results Confirm HREE Scandium Content

- ✓ Appreciable levels of Scandium (Sc), useful to a range of high-tech industries have been noted in recent re-sample of Stromberg drill chips. Significant intersections include:

STRC53 - 8m @ 116ppm Sc from surface inc. 6m @ 149ppm from surface;

TURC63 - 7m @ and 81ppm Sc from surface inc. 3m @ 100ppm from 4m.

These results further upgrade the pay-ability of the Stromberg HREE material and prospect.

Continued Metallurgical Gains

- ✓ Excellent results from metallurgical test work during the Quarter have increased Total Rare Earth (TREE) recoveries to 85% using a multi-stage reagent process. This is a 10% improvement from an initial recovery of 77% TREE recovery reported in the last Quarter. Leaching of HREEs into solution potentially results in a more direct processing route to a Rare Earth (REE) intermediate/carbonate material, allowing TUC to generate a more competitively valued product when compared to other concentration methods.
- ✓ The results of 24 Leach optimisation tests have shown that acid consumption does not increase with the strength of acid used. This is good because stronger acids do have potential to improve recovery beyond 85% with improved recovery time and potentially at no extra cost.

Positive Stromberg HREE District Stakeholder Engagement

- ✓ TUC has had positive discussions with Traditional Owners in the Stromberg HREE District with respect to initial access to ELA29241 and ELA29240. In addition an update of work was given on the progress at the Stromberg prospect and its implications for the adjoining Skyfall Tenement ELA27151. It is hoped that if positive discussions continue, access to all exploration ground in the district will be granted, significantly increasing the chances of finding much more HREE material. Another meeting has been planned for the third quarter of 2012.

Scaramanga

Geochemistry - Confirms Drill Target

- ✓ Results of up to 190ppm Yttrium have been returned from soil geochemistry at Scaramanga some 5km NE of Stromberg. Work has identified an area of strong HREE anomalism comparable to Stromberg. Drilling is planned to commence in August.



Photo 1 - Drilling is planned to re-commence at Stromberg and Scaramanga in mid August 2012



TUC
RESOURCES

ASX Code: TUC

Quarterly Report
30 July 2012

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Graeme Boden
Company Secretary

Exploration Activities Report

The following exploration activities have been undertaken during the Quarter:

- Assay and analysis of a number of drillholes from Stromberg Prospect for the metal Scandium which is used in alloy manufacture, alloying, lasers, X-Rays and lighting;
- Rock chip and soil sampling programs at HREE targets in the Stromberg and Daly Projects (Figure 1);
- Continued metallurgical and mineralogical analysis of composite samples representative of a range of grades from the Stromberg HREE Prospect;
- Rock chip and soil sampling programs at other HREE targets considered geologically similar to the Stromberg HREE deposit i.e. Hodgson Downs, ELA29464 (Figure 6).
- A detailed airborne topographic survey (LiDAR - Light Distance and Ranging) survey over the Stromberg and Scaramanga Prospects was completed. This work is critical for efficient, drill planning, resource work, environmental and project studies.
- Drill track and pad preparation Stromberg and Scaramanga areas.
- Land Access Meetings on ELA29240, ELA29241 and Stakeholder Meetings on ELA25171 and EL25222 (Figure 1).

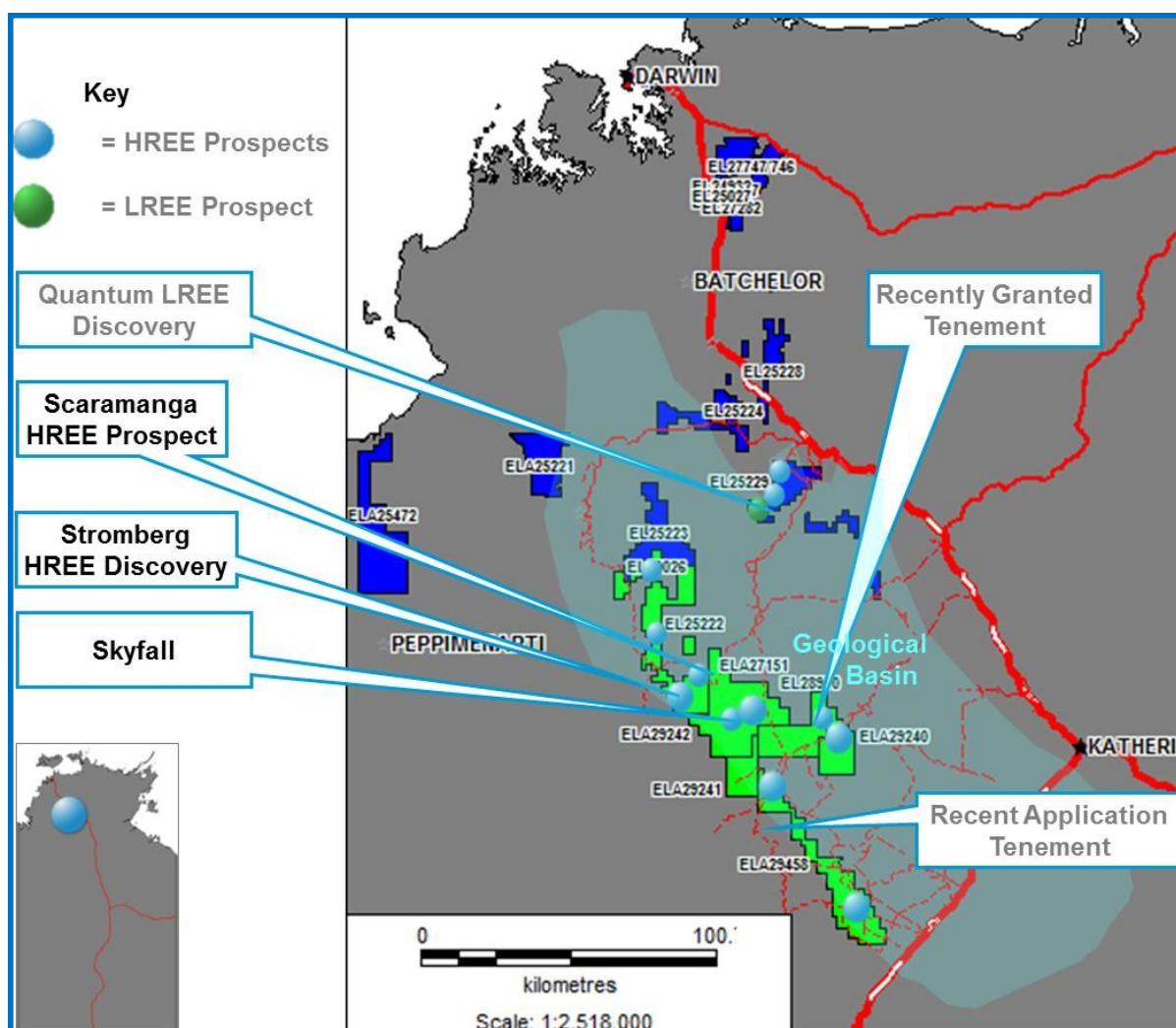


Figure 1 - Stromberg and Scaramanga Prospect locations in relation to TUC's other active heavy rare earth prospects, tenements, known mineral occurrences in the highly prospective Pine Creek basin and geology. Granted and Application tenements in Stromberg HREE District (Green), and other commodity licences (Blue).

Exploration Activities Report continued...

STROMBERG HEAVY RARE EARTH PROSPECT

Daly Project, EL25222

The Stromberg HREE Prospect is located in the Daly Basin on the western margin of the mineral prospective Pine Creek Orogen. Figure 1 shows Stromberg's position relative to TUC's surrounding tenements along with rare earth element (REE) prospects, targets, and basic geology.

TUC's 2011 work confirmed the presence, through drilling, of significant near surface HREE mineralisation. RC drilling intersected a number of shallow, flat lying and tabular, coherent mineralised zones giving excellent assay results over the full 2.3km strike length of the Stromberg HREE Prospect. Significant at surface intersections included STRC53 - 8m @ 0.72% Total Rare Earth Oxides (TREO*) (93.5% HREE, Dy 7.9%/TREO).

Importantly, intersections indicate high proportions of HREE with an average of 85.8% HREE. Of this HREE content, the critical and valuable Dysprosium and Yttrium average 7.5% and 64.9% of TREO respectively. Terbium comprises ~1% of the mix. These elements currently remain highly sought after on the global market, as new and efficient technologies continue to drive demand for these metals against a limited global supply.

The shallow nature of the Stromberg Prospect (Figure 2) gives two distinct advantages; firstly, it allows a reduced drilling time towards resource, and secondly, with continued successful drilling, a shallow low cost mining scenario may be possible due to lower possible stripping ratios and the deposit being in generally softer clay (easier to physically mine).

Interpretation of the weathered rocks at Stromberg and detailed microscopic mineral study shows remarkably similar geological characteristics to descriptions of Southern China Clay rare earth deposits with Xenotime found in association with clay material. The Southern Chinese deposits are known for their efficient mineral processing options.

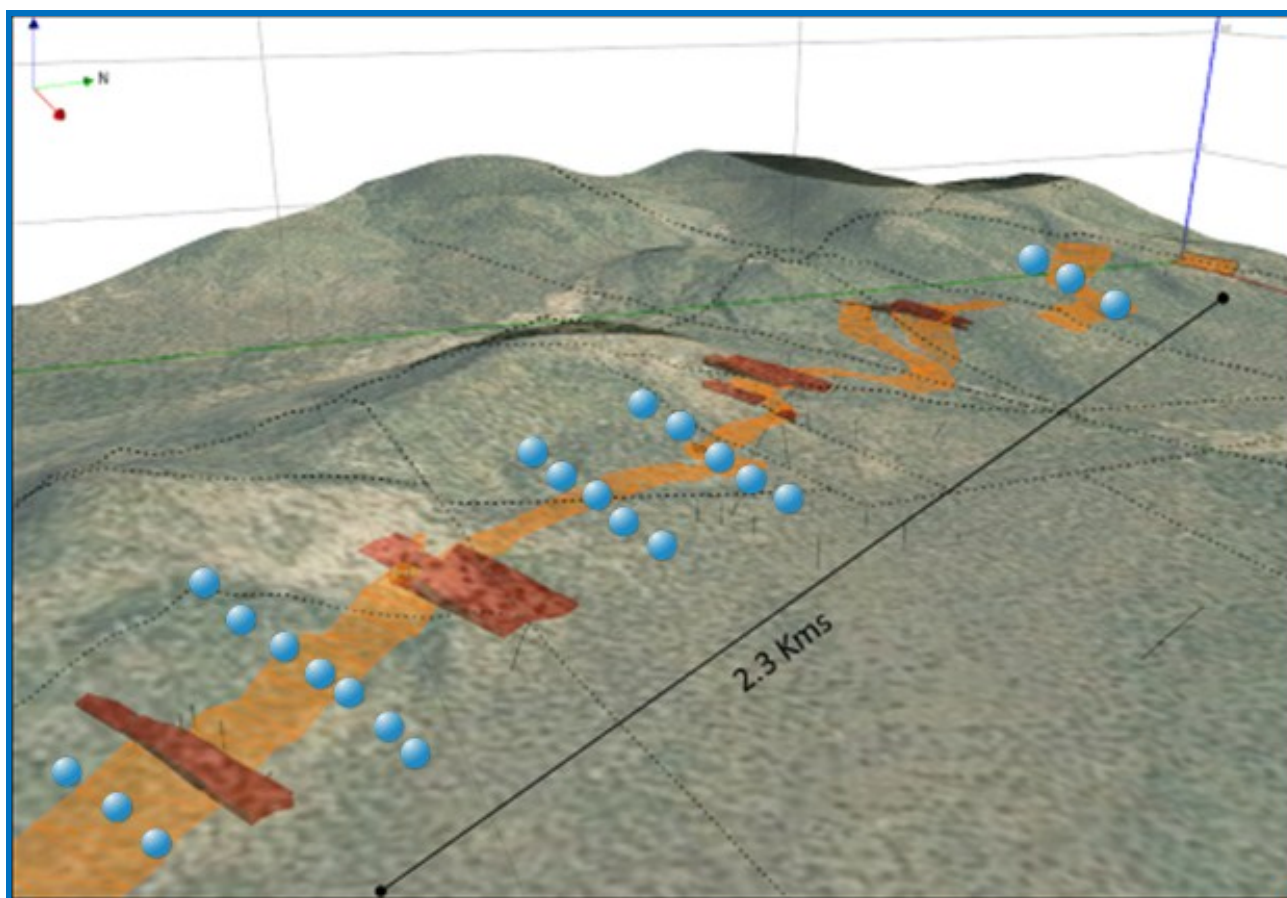


Figure 2 - Interim geological modelling of Stromberg HREE Prospect. High confidence mineralisation (red), mineralisation/geology projected continuation between drilling (orange), fault traces (black dotted lines), with GoogleEarth™ draped over recently acquired LiDAR topographic surface (view NW). Possible/planned location of planned RC/diamond drilling collars (blue dots).

Exploration Activities Report continued...

Stromberg HREE Scandium Drill/Resample Intersections

In addition to a primary HREE based revenue stream, a secondary stream is possible from Scandium (Sc). Scandium was first identified at Stromberg from the recent results of metallurgical test work. From initial assays of six holes (Figure 3), Scandium appears to be located with the HREE mineralisation and a number intersections of interest have been identified including:

- **STRC53 8m @ 116ppm Sc from 0m including 6m @ 149ppm Sc from 0m** (in 8m @ 0.72% TREO from 0m - using 0.2% cutoff and 1m internal dilution);
- **TURC0074 7m @ 81ppm Sc from 0m including 4m @ 121ppm Sc from 0m** (in 7m @ 1.02% TREO from 0m - using 0.2% cutoff and 1m internal dilution).

Based on these exciting results a re-sampling of all Stromberg TREO intersections for Scandium is currently underway.

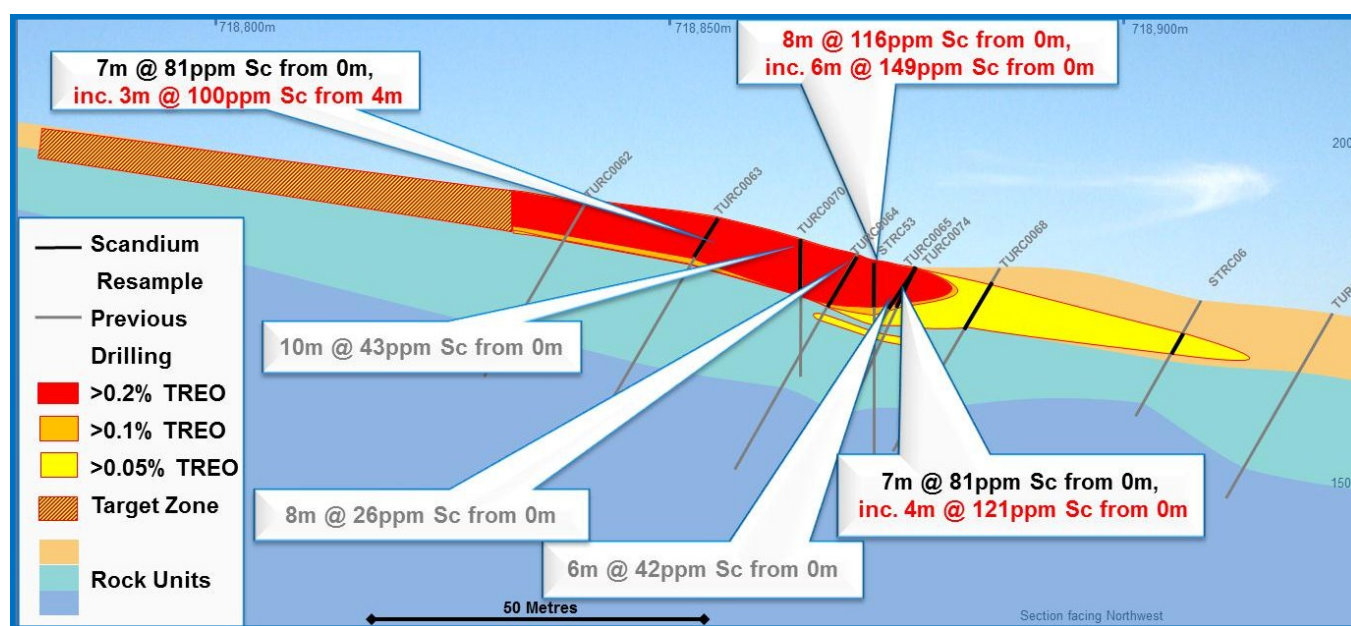


Figure 3 - Scandium intersections Stromberg HREE Prospect

SCARAMANGA HEAVY RARE EARTH PROSPECT

Daly Project, EL25222

Geochemistry Defines Next Drill Target(s)

Results of up to 190ppm Yttrium have been returned at from soil geochemistry at Scaramanga some 5km NE of Stromberg. Work has identified an area of strong HREE anomalism associated with an airborne radiometric signature comparable to Stromberg (Figure 4). Drilling is planned to commence at Scaramanga in August 2012.

Photo 2 - Shallow diamond drilling is planned at Stromberg to help with Geo-Metallurgical Characterisation of Stromberg mineralised material.



Exploration Activities Report continued...

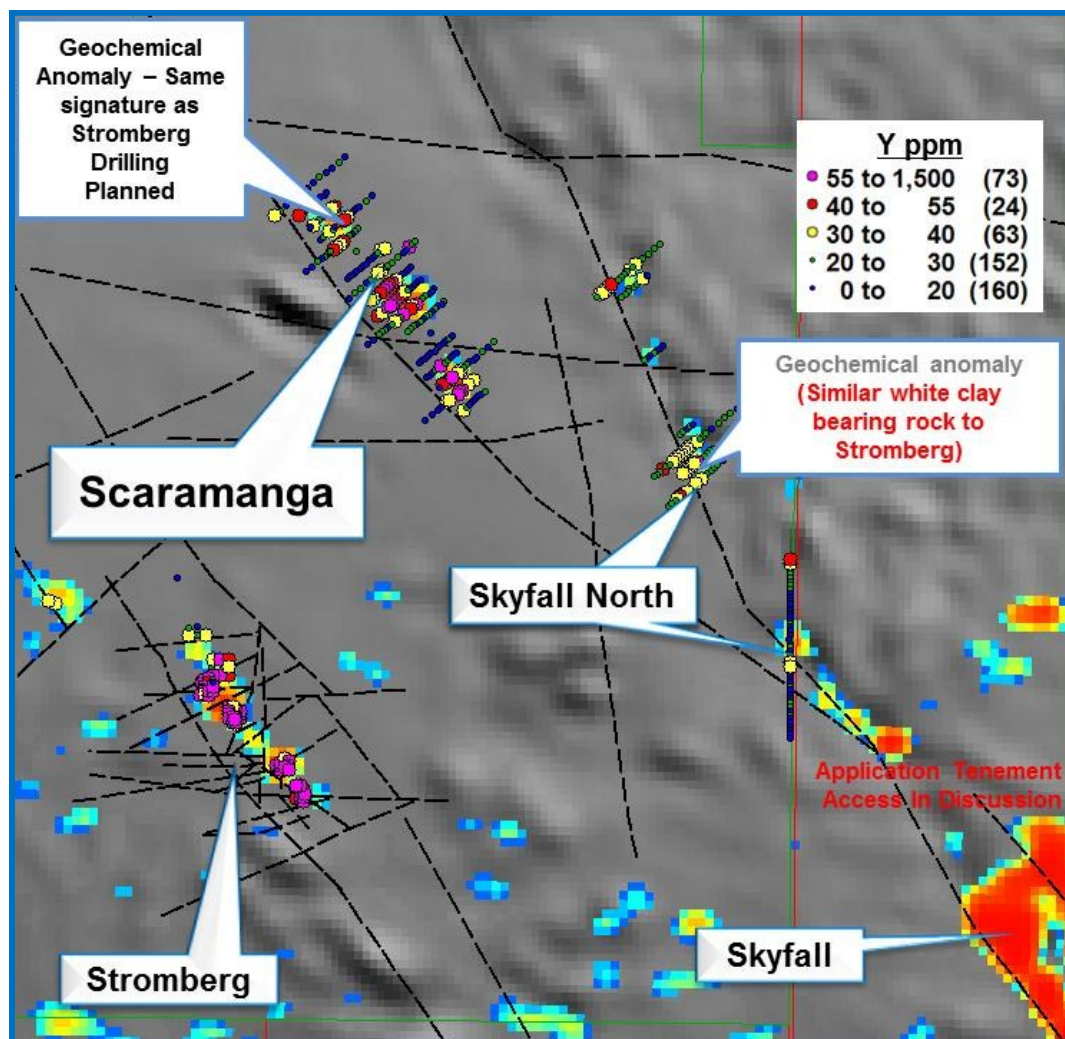


Figure 4 - Scaramanga and Skyfall North Prospects soil geochemistry results over, airborne geophysics, TMI image with interpreted faults/ structures (black dashed line). Diagram also illustrates location of Stromberg, Scaramanga and Skyfall North Prospects in relation to Skyfall anomaly currently in application licence area. Note continuity of interpreted structures across area and coincident radiometric and soil geochemical anomalism.

STROMBERG HREE DISTRICT POTENTIAL

Daly Project

3163km²

EL25222, EL25223, EL25224, EL25229, EL28970, ELA27151, ELA29240, ELA29241, ELA29458, ELA29242, ELA29026.

TUC is currently developing a district wide model of HREE mineralisation and distribution. This model incorporates, the results of TUC's work at prospects such as Stromberg and Scaramanga; historical exploration work, and government geological and geophysical work. TUC considers that the application of this geological model substantially increases the prospectivity of the Stromberg District and Daly Project Area, see Figure 5. Ongoing interpretation of district geology and geophysics indicates that mineralisation may be related weathering of similar rocks close to large scale faults/structures that crosscut both TUC granted and application licences. These faults/ structures may be original conduits for HREE mineralisation and cause repetitions of mineralised rocks.

Further soil geochemistry, ground geophysics is planned for the next Quarter to test targets including Knightfall (Figure 5).

Data compilation of over 700 historic geochemical samples on the ELA27151 tenement at the Skyfall target (Figures 4 and 5) has shown that a large radiometric anomaly on this application tenement has a very similar multi element geochemical signature to that of Stromberg. This further enhances the prospectivity of the area.

Exploration Activities Report continued...

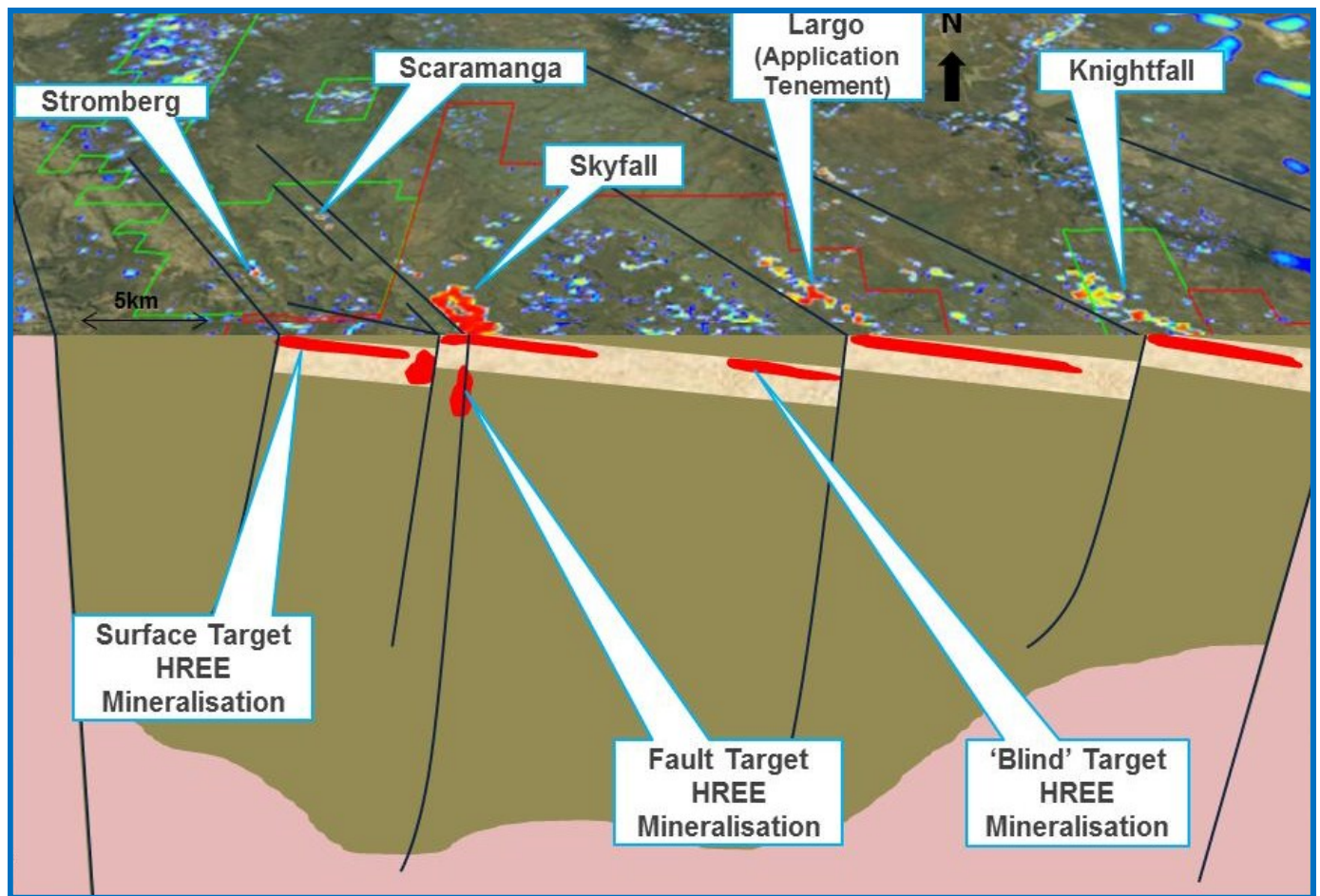


Figure 5 - Developing geological model of the Stromberg HREE District and Daly Project area. Oblique GoogleEarth™ rendering with airborne radiometric data viewed north, granted licences and application tenements represented in green and red respectively, field of view approximately 60kms, vertical section not to scale.



Photo 3 - TUC geologists mapping the Knightfall Prospect

Exploration Activities Report continued...

STROMBERG HEAVY RARE EARTH PROSPECT—METALLURGY

Daly Project, EL25222

Stromberg HREE Metallurgy and Mineralogy Results

Metallurgical test work of Stromberg material during the Quarter tested a multi-stage leach process involving an initial caustic wash followed by acid leach at a range of concentrations. Up to 85% TREE recovery, a 10% increase in recovery, was achieved using leaching by sulphuric acid (one part acid to one part water) after an initial sodium hydroxide caustic wash. In addition, work indicates that recovery from lower grade material is comparable to higher grade, with a 0.2% to 0.4% TREO composite giving a 77% recovery of TREE.

Further metallurgical test work during the Quarter was designed to test sensitivity to temperature, time and acid strength. The results from these 24 leach optimisation tests showed that acid consumption does not increase with the strength of acid used. This is a good result because stronger acids do improve recovery and recovery time and potentially at no extra cost. Temperature was not found to affect recovery. In theory, strong acid at room temperature should obtain the maximum recovery in the shortest possible time. To date +70% of recovery of Yttrium has been readily achieved with a respectable acid consumption of between 200kg/t and 371kg/t.

Strong acids have been avoided to date as traditionally they mean that extra neutralizing agents have to be added to the process. However, test-work with the Stromberg ore suggests that a 'counter-current' leach circuit could be used to avoid this problem. This essentially means that the Stromberg mineralised material itself is used as a neutralizing agent. Work is being designed to test recovery using very strong sulphuric acid in a desktop counter current process.

Direct leaching of the HREE into solution can result in a more simple processing route to a HREE intermediate/carbonate material, which would allow TUC to generate a more competitively valued product, when compared to other concentration methods.

In addition leach tests also extracted up to 88% of uranium mineralisation and 93% of Scandium present, possibly creating a secondary revenue for the product whilst also serving to boost marketability and exportability of any future HREE product. Furthermore, all of the deleterious element Thorium was left behind in the residues, significantly upgrading the quality/marketability of any final product.

It should be noted that, although results are impressive, test work is still at an early stage. The results of the latest test work will be used to help provide parameters for economic assessment of the process prior to continuing or selecting any alternative processing routes/tests. TUC have contacted Chemists at the Australian Nuclear Science and Technology Organisation (ANSTO Minerals) to help in refining the next stage of the mineral processing circuit. Ansto Minerals have proven expertise in Rare Earth processing and extraction in Australia.



Photo 4 - Drilling at Stromberg HREE Prospect.

HODGSONS DOWNS HEAVY RARE EARTH PROSPECTIVE TENEMENT

ELA29464

Elevated Rare Earths and HREE's Identified — Further Targets to Test

Results of rock chips collected on a reconnaissance field trip under TUC's Miners Right at the Greenfields HREE Hodgsons Downs Tenement include elevated samples with up to 357ppm TREE. Further work is planned at this new HREE target area. Figure 6 shows recent results and a follow up priority target defined on the geophysical image as an area of geological complexity with radiometric anomaly. A second field trip is planned to investigate this high priority anomaly and others in the area.

Exploration Activities Report continued...

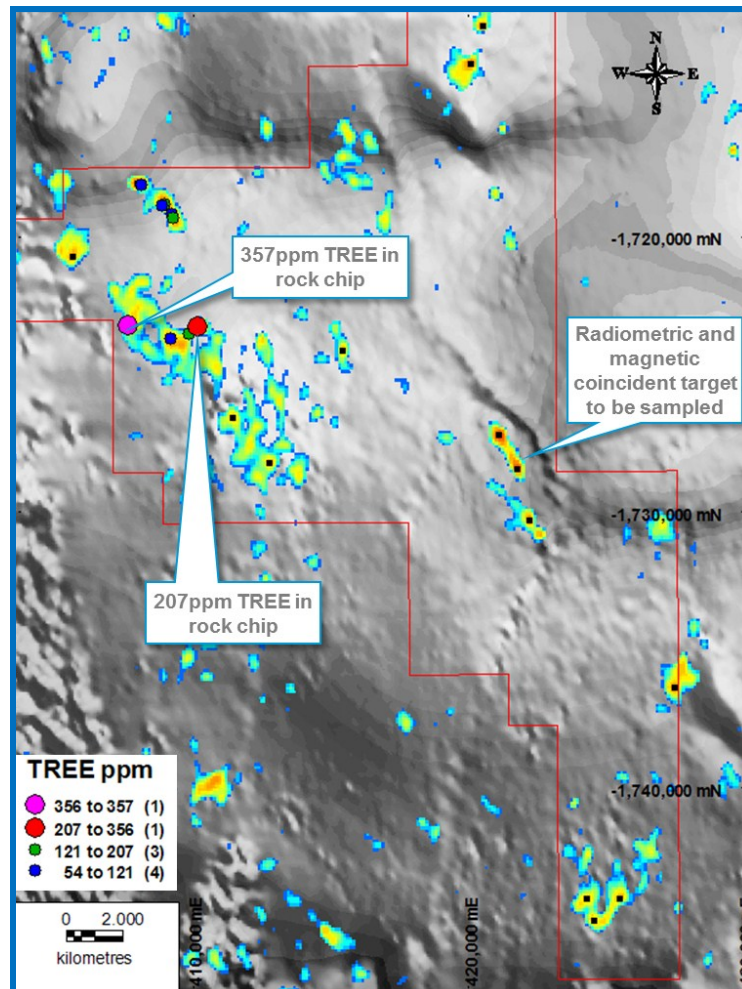


Figure 6 - Hodgsons Downs HREE Tenement, Recent Rock Chip Results over airborne magnetics (grey scale) and airborne radiometrics (colour), with further targets for sampling (black squares).

Field Work Planned For The Next Quarter

RARE EARTHS

Daly Project

- RC resource/extensional drilling at the Stromberg HREE Prospect;
- RC exploration drilling at the Scaramanga;
- Diamond Drilling at the Stromberg HREE Prospect to obtain core for geo-metallurgical samples, as well as geotechnical work;
- A test of hyper-spectral remote sensing data by contractors is currently being discussed to determine the applicability of the technique to better identify HREE targets in the Daly Project and other areas;
- Soil geochemical, ground geophysical surveying and geological mapping of Knightfall;
- Continued dialogue, including onsite meetings, will be made with Traditional Owners through the NLC related to areas where access is requested.

Other

- Completion of reconnaissance geochemical sampling on the recently pegged Hodgson Downs HREE prospective lease ELA29464.

Field Work Planned For The Next Quarter continued....

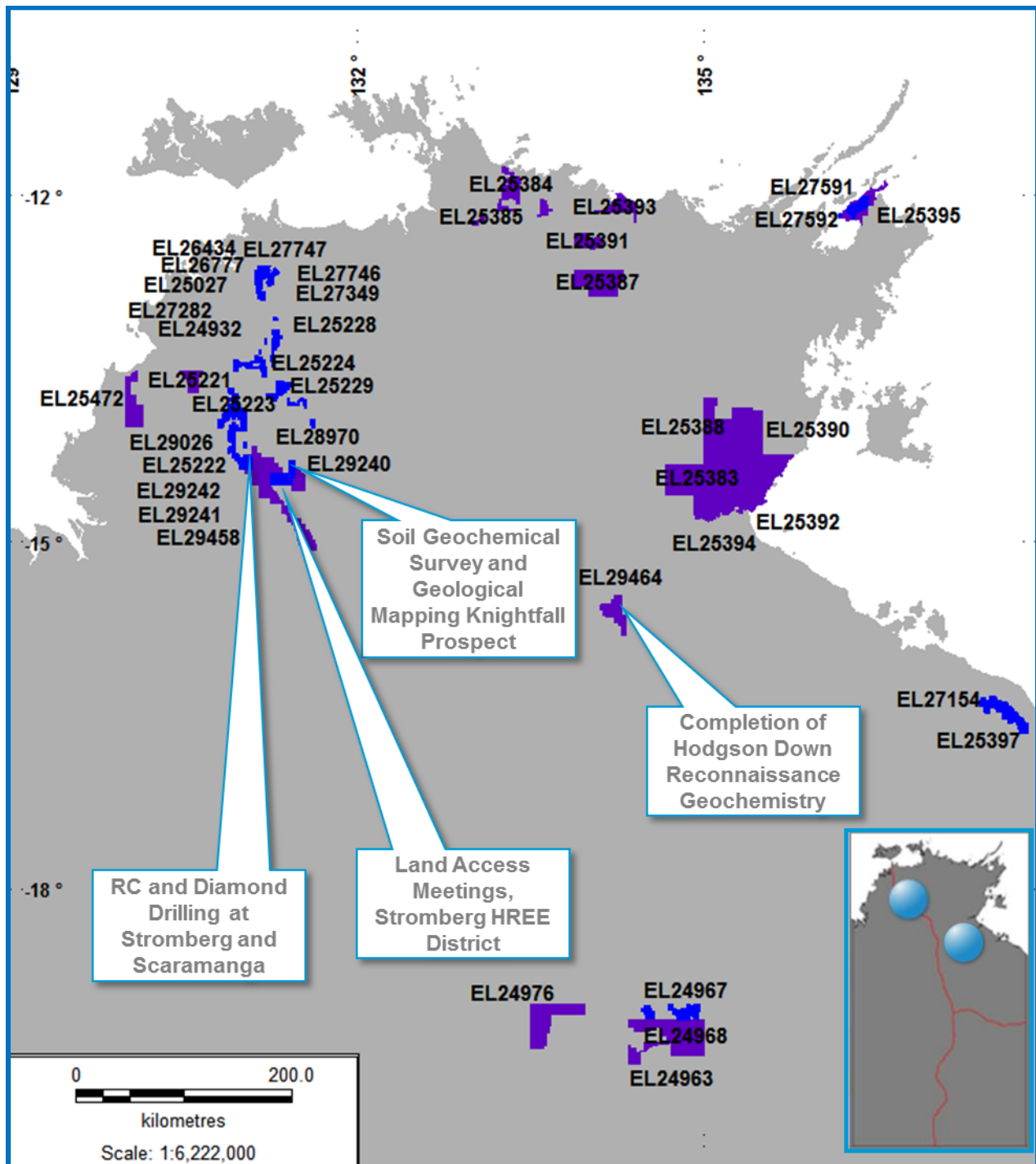


Figure 7 - TUC Tenement Map and Location of Planned Work for the Next Quarter. Note Granted Licence = Blue and Application Licence = Purple.

Tenement Changes

ACCACIA

Tenement activity during the Quarter mainly related to the finalisation of the transfer of 340km² of Acacia Gap tenements from Equator Resources to TUC Resources Limited. These eight tenements, located approximately 60km south of Darwin are now 100% owned by TUC Resources Limited (location shown on Figure 7).

OTHERS

TUC also dropped one minor Tenement, ELA25473 at Daly River and was granted one Tenement, EL29026, in the Stromberg area.

Land Access

STROMBERG HREE DISTRICT

A meeting was held with Traditional Aboriginal Land Owners through the Northern Land Council to firstly discuss a more formal access agreement to ELA29240 and ELA29241, and secondly, to give a report on work and progress on EL25222 and EL28970.

TUC considers the meeting to have been positive and the company's suggestion of a unified land access agreement over the important tenement package was put forward. This may help gain access to the highly prospective ELA27151 tenement in which the Skyfall Prospect is located.

Further on-country consultations including site visits are planned for the third Quarter of 2012. It is hoped that these will be as positive as those to date.

Finance

The 30 June 2012 cash position of the Company was \$2.538M vs. a March 2012 cash position of \$2.865M. Discovery cost at Stromberg should remain favourable due to shallow drilling and softer nature of the rocks at this prospect.

The Company also has funds due in August from Research and Development Tax Payments (approximately \$0.237M) should they be awarded. TUC also plans to submit an early application for Research and Development Tax for the 2012 Financial year.

The Company is well placed to make significant inroads into exploration across its portfolio and partnerships.

The Managing Director Ian Bamborough exercised 1,000,000 incentive options at \$0.15c on 30 June 2012.

Capital Structure:

Corporate

CORNERSTONE INVESTOR STRATEGY

National and International Meetings and Discussions

Discussions continue with a number of rare earth value chain parties with respect to cornerstone equity investment in TUC. TUC considers early alignment with a major industry player as a valuable advantage, due to the downstream processing and marketing requirements associated with these metals.

For further information on anything in this report, please contact:

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*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 REE₂O₃, with the exception of Ce, Pr and Tb; which are calculated as CeO₂, Pr₆O₁₁, and Tb₄O₇ respectively, in accordance with geochemical conventions.

**Heavy Rare Earth Elements HREE's = Dy, Er, Ho, Lu, Tb, Tm, Yb, Y;

**Medium Rare Earth Elements MREE's = Gd, Eu, Sm;

**Light Rare Earths LREE's Ce, La, Pr, Nd.

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Ian Bamborough - Managing Director
Anthony Barton - Non Executive Director
Michael Britton - Non Executive Director
Leon Charuckyj - Non Executive Director
Graeme Boden - Company Secretary

TUC Resources Ltd holds approximately 18,000km² of prospective land package across 44 (33 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.