

Quarterly Exploration Activities Report

For the Period Ending 30 September 2012

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

Highlights

Drilling Results - Stromberg Heavy Rare Earth (HREE) Prospect

- ✓ Recent significant intersections returned at Stromberg include:
 - STRC64 - 5m @ 0.43% TREO (81.9% HREO/TREO) from 6m including 1m @ 0.92% TREO from 8m;
 - STRC58 - 3m @ 0.52% TREO (88.6% HREO/TREO) from 7m;
 - STRC68 - 2m @ 0.43% TREO (95.6% HREO/TREO) from 14m.
- ✓ Xenotime hosted mineralisation remains open in both cross section and strike.
- ✓ The distribution of valuable and high demand heavy rare earths in recent intersections is an excellent 8% Dysprosium/TREO, 65% Yttrium/TREO and 5% Erbium/TREO.

Scaramanga HREE Drill Discovery

- ✓ First pass broad spaced drilling at the Scaramanga HREE Prospect has successfully defined mineralisation in the same geological setting as Stromberg. Significant intersections include:
 - SCRC07 - 2m @ 0.12% TREO (81.2% HREO/TREO) from 10m;
 - SCRC02 - 5m @ 0.1% TREO (70% HREO/TREO) from 10m.
- ✓ Two distinct HREE mineralised horizons have been noted.
- ✓ Notably, these results have confirmed significant exploration upside exists within a short distance of Stromberg, as well as highlighting the broader district potential (prospects such as the nearby Knightfall).
- ✓ Infill drilling is planned at Scaramanga to target higher grade mineralisation.

Land Access Breakthrough

- ✓ Verbal consent has been given by Traditional Aboriginal Land Owners for exploration to begin on the highly HREE prospective ELA27151 Skyfall tenement adjacent to Stromberg and Scaramanga HREE prospects.
- ✓ Verbal consent has also been given for exploration to begin on Stromberg HREE District tenements ELA29240 and ELA29241.
- ✓ These breakthroughs will allow access to a further ~1,000km² of highly HREE prospective land and a number of very large and high priority geophysical and HREE geochemical targets.

Diamond Drilling in Progress - Stromberg HREE Prospect

- ✓ A diamond drilling program is in progress for metallurgical and exploration purposes at Stromberg. Results are expected in the next quarter.



Photo 1 - Diamond Drilling in progress at Stromberg.



TUC
RESOURCES

ASX Code: TUC

Quarterly Report
30 October 2012

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Exploration Activities Report

The following exploration activities have been undertaken during the Quarter:

- Step out drilling at the Stromberg HREE Prospect.
- First pass broad spaced drilling at the Scaramanga HREE Prospect.
- Geochemical sampling at Scaramanga and Knightfall HREE prospects.
- Land access meetings were undertaken on ELA29240, ELA29241 and ELA27151 at the Stromberg HREE District (Figure 1) and also on ELA24963 and ELA24968 at Tennant Creek.

Figure 1 shows the location of major field activities during the Quarter (highlighted in red).

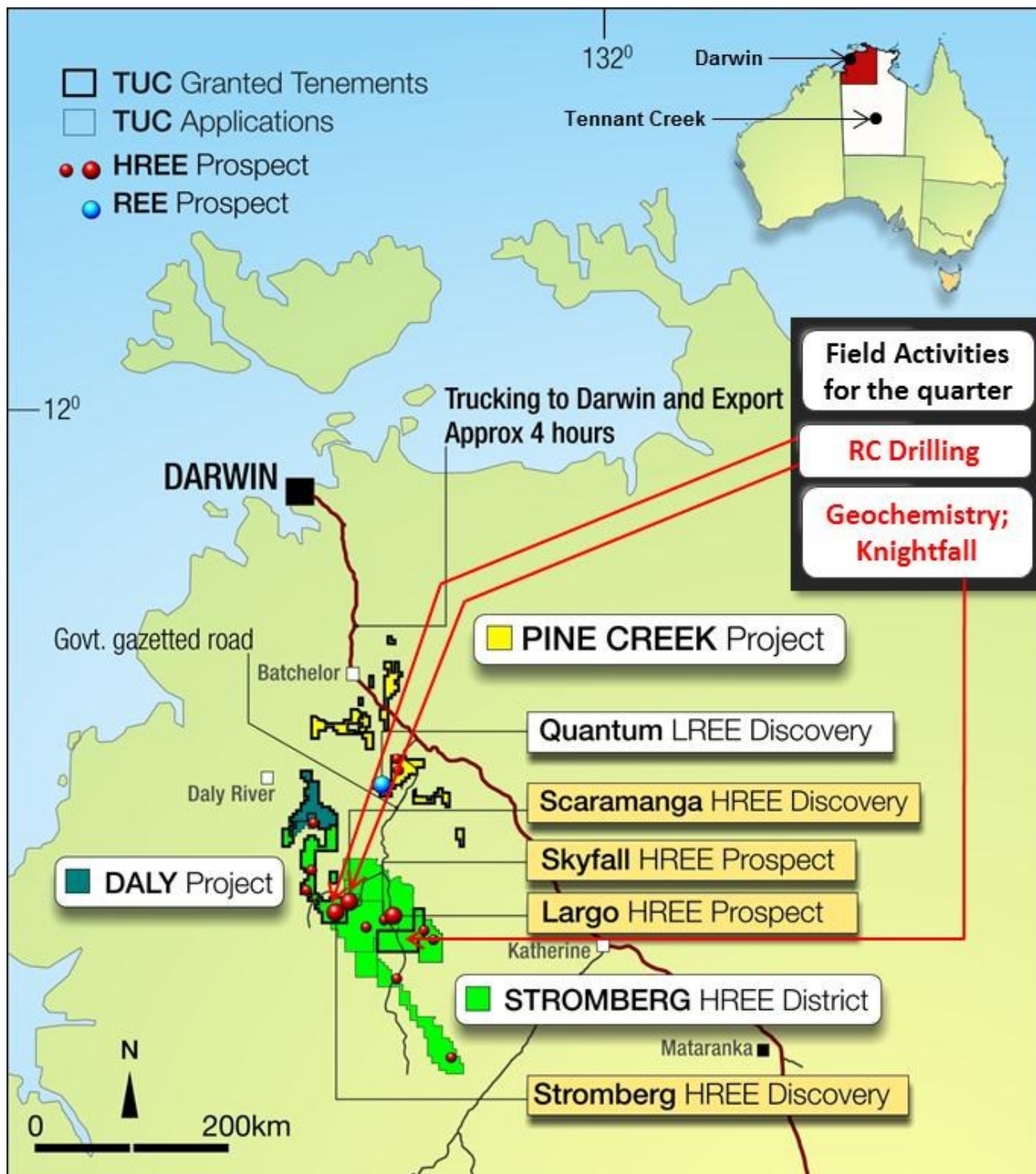


Figure 1 - Major Field Activity Locations September 2012 Quarter.

Exploration Activities Report continued...

STROMBERG HEAVY RARE EARTH PROSPECT

Stromberg District Project, EL25222

The recent completion of 16 RC drill holes at the Stromberg Prospect has confirmed both the presence of significant near surface HREE mineralisation, and TUC's exploration models. Importantly, mineralisation is now clearly defined over the prospect strike length (Figure 2). Significant intersections include STRC64 - 5m @ 0.43% TREO from 6m including 1m @ 0.92% TREO from 8m.

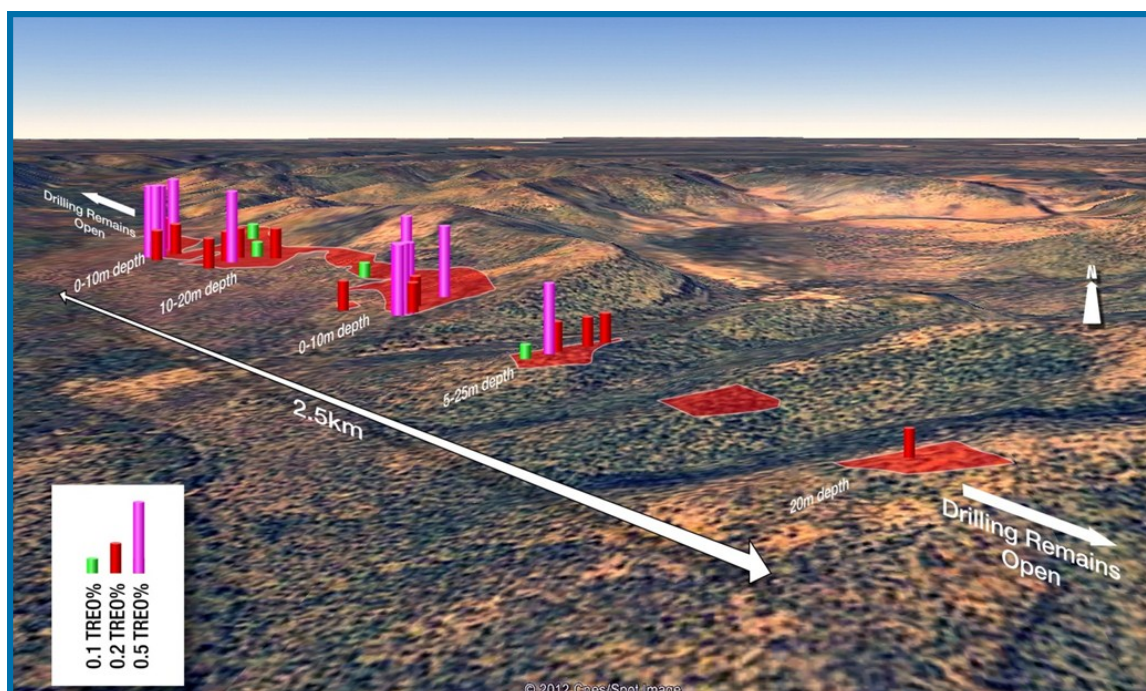


Figure 2 - Stromberg Prospect - clear potential from exploration drilling.

Step out drilling has significantly increased mineralised envelopes. Figure 3 illustrates the effect of step out drilling with results returned in hole STRC58 having doubled the extent of the mineralised envelope. Xenotime hosted mineralisation remains open in both cross section and strike.

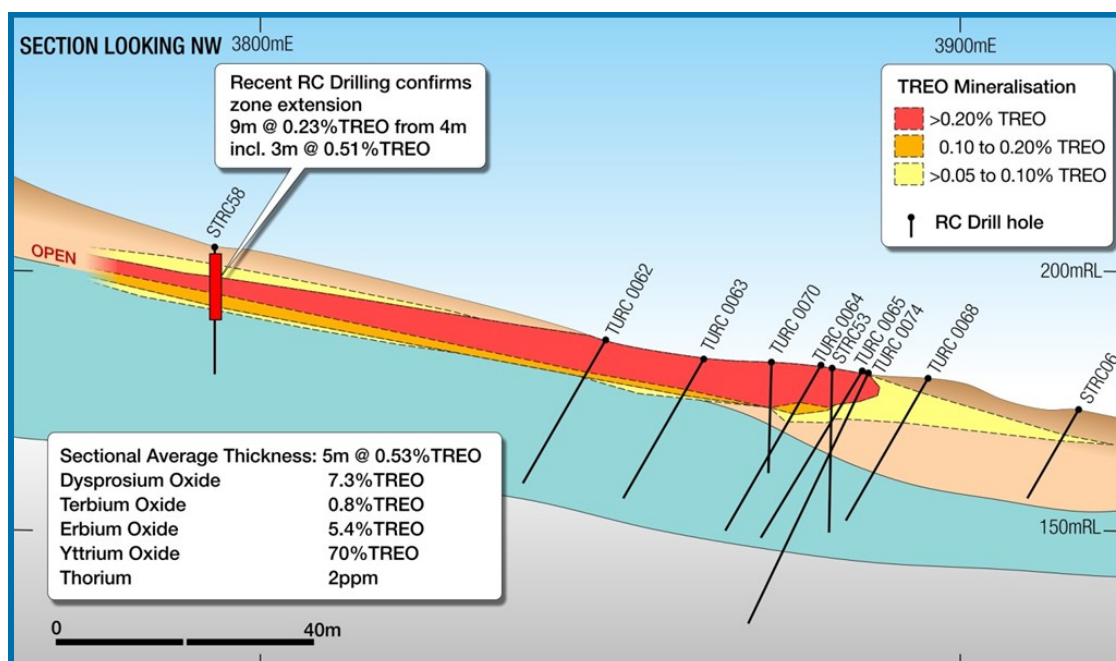


Figure 3 - Step out drilling at Stromberg seriously extends mineralised envelopes.

Exploration Activities Report continued...

These intersections continue to indicate high proportions of HREE with an average of 85.8% HREE from all drilling to date above a cut-off of 0.2% TREO. Of this HREE content, the critical and valuable metal distributions are an impressive:

- Dysprosium (Dy) 7.5%/TREO;
- Yttrium (Y) 64.9%/TREO;
- Erbium (Er) 4.8%/TREO;
- Terbium (Tb) ~1%/TREO.

These metal oxides remain highly sought after on the global market. Importantly, Dysprosium, Yttrium, Erbium and Terbium are critical in the development of Government driven clean energy technologies. Forecast demand seriously outstrips supply for the foreseeable future. These materials rarely exist outside China in economic quantities.

Assays results from recent sample/resample of all drilling to date have returned notable quantities of Scandium (Sc) (59ppm Sc average above a 0.2% TREO cut off). Although not significant on its own, it does provide an extra possible revenue stream for the Stromberg Prospect.

Diamond drilling at Stromberg is in progress at the time of writing to provide metallurgical samples and test additional exploration theories.

SCARAMANGA HEAVY RARE EARTH PROSPECT

Stromberg District Project, EL25222

First pass RC drilling at the Scaramanga HREE Prospect, approximately 5km from Stromberg, has successfully intersected HREE mineralisation of a similar nature to the Stromberg mineralisation. Of the 7 holes drilled, 6 intersected anomalous HREE mineralisation at shallow levels, including multiple zones, in similar geology to Stromberg (Figure 4, Geological Cross Section of Scaramanga). Drilling remains broadly spaced (~100m) and infill drilling is planned to target higher grade mineralisation. Higher grade zones at Stromberg have usually been defined with <25m spacing. Drilling remains open between the two sections (~800m apart).

Importantly, the Scaramanga results have confirmed significant exploration upside exists within a short distance of Stromberg, as well as highlighting broader district potential (prospects such as the nearby Knightfall (Figure 5).

Infill drilling towards defining higher grade zones is planned at Scaramanga.

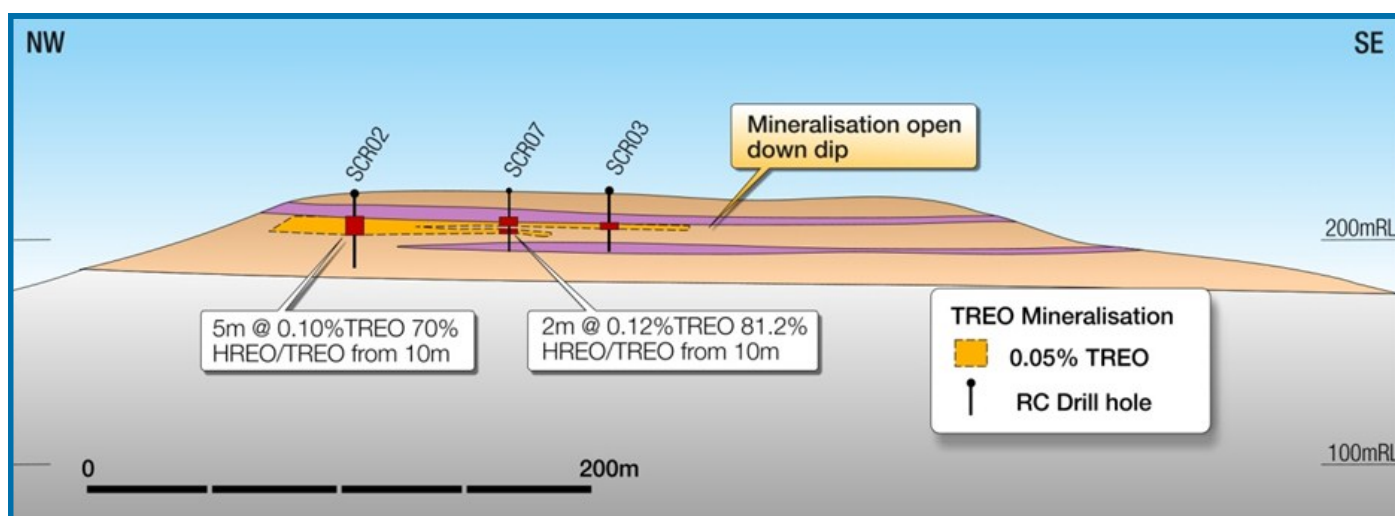


Figure 5 - Scaramanga Cross Section; broad spaced drilling has defined two mineralised horizons; infill drilling is planned.

Exploration Activities Report continued...

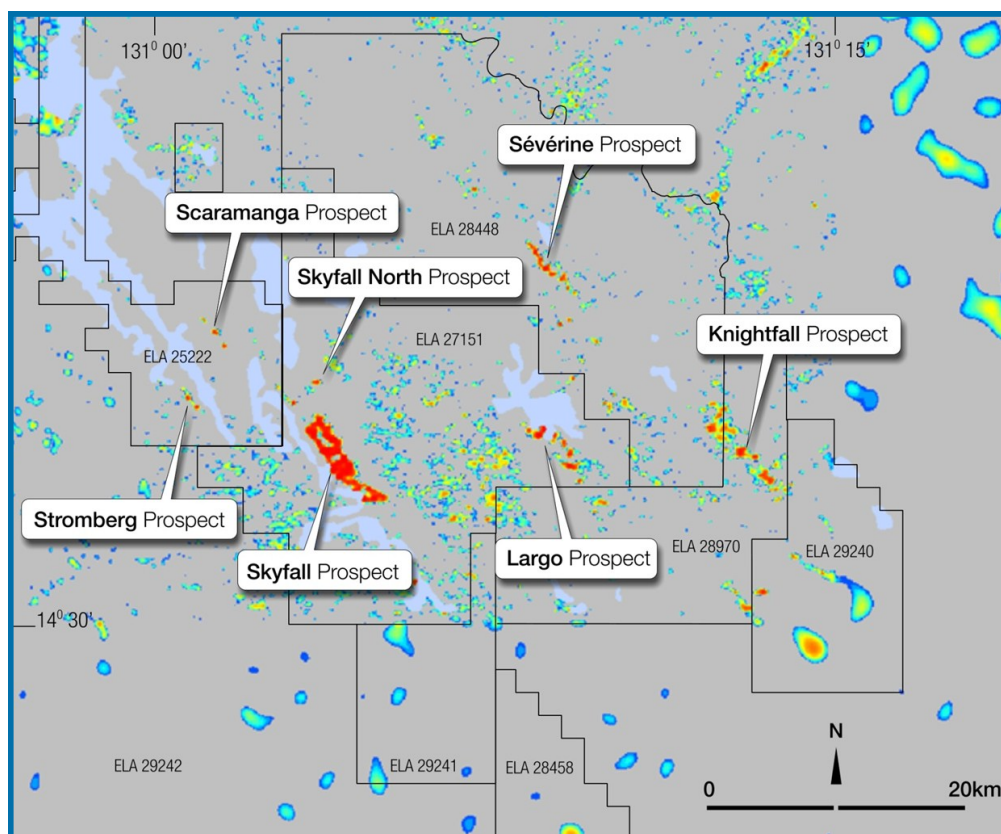


Figure 5 - Significant Radiometric anomalies, geological trends, TUC tenements, including new TUC tenement applications and TUC exploration targets.

STROMBERG HREE DISTRICT POTENTIAL UNLOCKED

Stromberg District Project 3163km²

EL25222, EL28970, ELA27151, ELA29240, ELA29241, ELA29458, ELA29242, ELA28448.

The Stromberg HREE District lies in the Daly Region of the Northern Territory (NT), Australia, in an under-explored region on the Western margins of the mineral rich Pine Creek Basin and overlying Daly Basin. The area is approximately four hours' drive south of Darwin by car (Figure 1).

The exceptional promise revealed by drill results at Stromberg and now Scaramanga, have served to highlight the full potential of the region. Figure 5 shows the numerous other unexplored geophysical anomalies in similar geological settings to Stromberg and Scaramanga on TUC's considerable land package.

Of particular note in Figure 5, are the two very large radiometric anomalies (each ~8km long and ~1km wide) that highlight the Skyfall and Largo prospects. In September 2012, Traditional Aboriginal Land Owners removed a Moratorium on Exploration on the ELA27151 tenement hosting these two anomalies. Verbal Consent was given for exploration to begin as soon as possible. In addition, Verbal Consent has also been given for exploration to begin on Stromberg HREE District tenements ELA29240 and ELA29241. ELA29240 hosts the Knightfall South anomaly. TUC has recently started geochemical survey work on Knightfall which sits on granted tenement EL28970 (Figure 5).

All tenements will now be processed to 'Granted Tenement' status with the Northern Territory Government and Northern Land Council. In the near term, TUC proposes to utilise options open to it under the Aboriginal Lands Right Act to undertake early stage reconnaissance exploration (hand held XRF analysis). This work is scheduled to take place under the guidance of the Traditional Owners. It is planned that full access to the tenements can be finalised by mid - 2013.

In addition, in late September 2012 the Company signed a binding agreement to acquire ELA28448 (Figure 6). This acquisition is important in that it effectively secures TUC's strategic land holdings over what it considers all the major HREE indicative geophysical anomalies in the district. The acquisition significantly increases TUC's land holding in the area from 2,250km² to 3,000km²; and builds on the afore mentioned land access breakthroughs with the Traditional Owners.

Field Work Planned For The Next Quarter

EXPLORATION ACTIVITIES

- Metallurgical diamond drilling at the Stromberg HREE Prospect.
- Metallurgical sampling and flow sheet development at Stromberg.
- First pass geochemical sampling at a number of prospects in the Stromberg HREE District to test for additional HREE potential.

Figure 6 shows the locations of planned field activities for the next Quarter (highlighted in red).

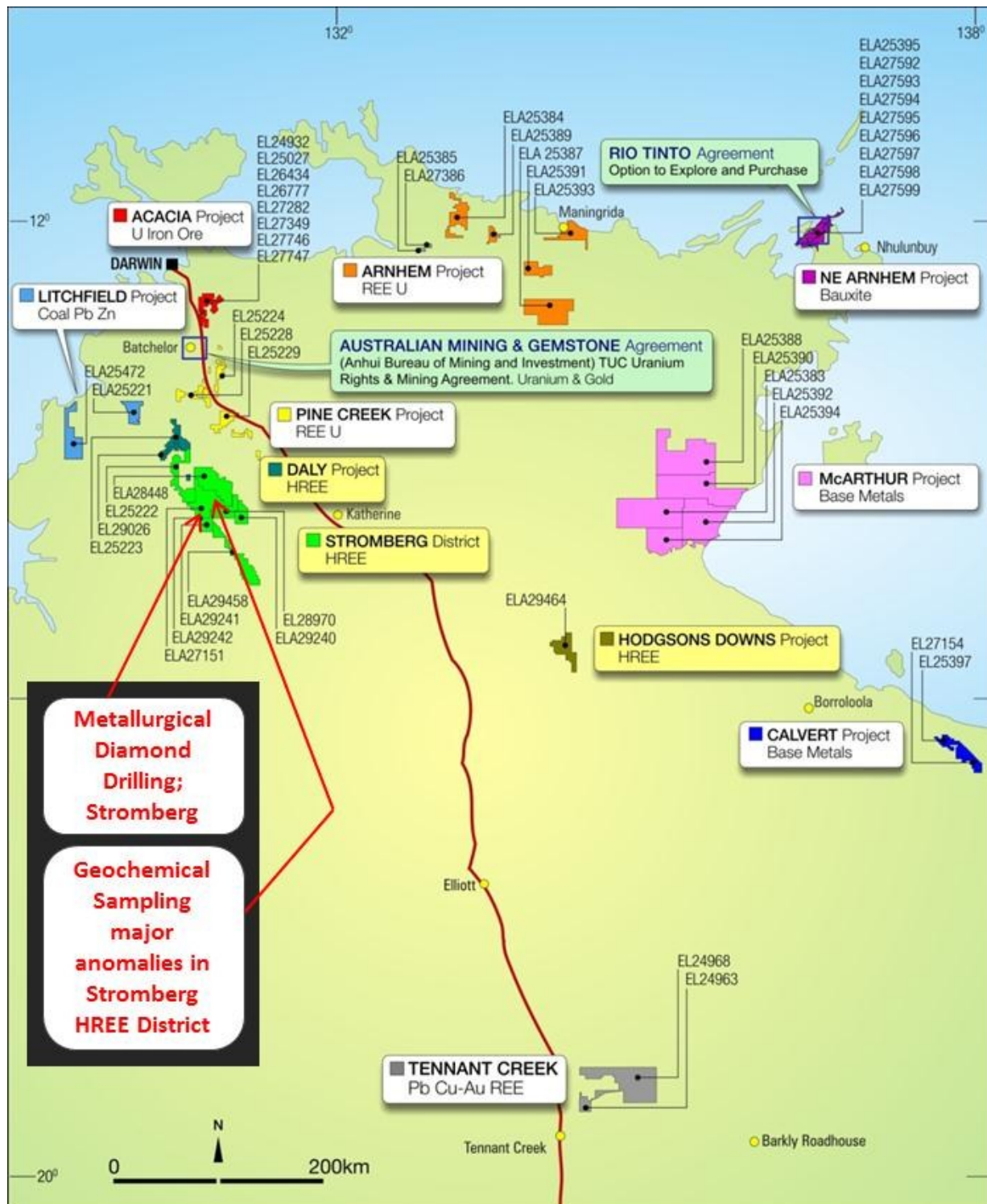


Figure 6 - TUC's Planned Field Activity Locations and Tenement Holdings in the Northern Territory

Land Access

TUC will continue to advance its negotiations for grant of strategic tenements in the Stromberg HREE District given the recent successes described earlier in this report. During the quarter an 'on country' land access negotiation meeting was held for ELA24963 and ELA24968 tenements at Tennant Creek. TUC awaits notification of the results of this meeting from the Central Land Council.

Tenement Changes

This quarter the Company has undertaken partial relinquishment of some tenements and dropped one tenement (EL24967), in line with current Northern Territory mining legislation. TUC believes that turnover of ground represents efficient assessment of potential and an increase in the quality of ground remaining.

TUC has swapped one of its phosphate prospective tenements at Tennant Creek (ELA24976) in return for an HREE prospective tenement at the Stromberg HREE District (ELA28448) from Fisher Resources Pty Ltd.

Finance

The 30 September 2012 cash position of the Company was \$1.99M vs. a June 2012 cash position of \$2.54M. Discovery cost at Stromberg should remain favourable due to shallow drilling and softer nature of the rocks at this prospect.

Capital Structure:

Share Price (TUC): **\$0.09** Issued Shares: **125.4M**; Market Cap: **\$11.3M** (as at 29 October 2012).

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.

DIVESTMENT OF NON-CORE ASSETS

Expressions of Interest Sought

The Company has a strategy of divesting non-core assets. The Company hopes to provide leverage from its significant land package (Figure 6) towards supporting its activities in the Stromberg HREE District. The Company is considering a number of proposals from major parties interested in our ground.



Photo 2 - TUC's Managing Director, Ian Bamborough (right) presented at the Melbourne RIU Resource Round Up. We had plenty of traffic through the booth and it was refreshing to see the level of interest in our work and heavy rare earth prospects. Edward Lamb, Exploration Manager (left).

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 17,000km² of prospective land package across 50 (30 under application) tenements making it one of the biggest ground holders in the Northern Territory of Australia. The business holds eleven 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.