

Stromberg Heavy Rare Earths; Very Positive Mineralogy Results



ASX Code: TUC

ASX Announcement

14 September 2011

TUC Resources is pleased to report that analyses of four drilling samples from the Stromberg Prospect has shown that the rare earths are contained in the mineral xenotime.

Xenotime is known for its excellent recovery of rare earths, is in high demand from the global rare earths processing industry, and could give the Stromberg project a significant competitive advantage via simple, low cost physical separation methods that could produce a marketable concentrate.

A follow up RC drilling program at Stromberg is planned to commence in the coming weeks. Drilling follows up on recently interpreted drill results including 7m @ 1% Total Rare Earth Oxide from surface (See TUC ASX announcement dated 26 September 2011).

Highlights:

- A xenotime rich concentrate was produced for mineralogical analysis (photograph on page 2).
- Xenotime mineralogy offers the potential for a simple mineral processing flow sheet, which could assist in the Stromberg Project being able to produce a saleable product/concentrate in lesser time frames than more typical rare earth (REE) project development schedules.
- Importantly, the average grade of the Thorium in the samples was an extremely low 1.25 parts per million (ppm). Thorium is considered a deleterious element in terms of REE concentrate pricing and this result should give more favourable Project metallurgy and economics. This compares favourably to deposits such as Kangankunde which at 11ppm Thorium per 1% TREO (Lynas Corporation website) is one of the lowest contaminant rare earth projects in the world.
- This important result supports TUC's exploration plans at the Stromberg Prospect. A follow up phase of RC drilling (~3000m, for ~50 holes) is planned to test shallow resource potential and target the source of the near surface mineralisation; drilling is expected to commence in late September 2011.

Other Important Facts about Stromberg:

- Initial test work confirms that ninety five per cent of the rare earth content at Stromberg is valuable and high demand Heavy Rare Earth elements (HREE's).
- Drilling assays confirm high proportions of the critical HREE Dysprosium, averaging 7.2% of total rare earth distribution. Yttrium composes 65% of the rare earth distribution.
- The Stromberg mineralisation discovered to date is situated at, or very near surface, in a flat lying tabular body.
- Further shallow exploration potential exists over a highly promising and undrilled +2km prospect strike length.

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Figure 1 shows a scanning electron micrograph of a Stromberg xenotime concentrate produced for mineralogy by a TBE heavy liquid sinks method (physical processing method).

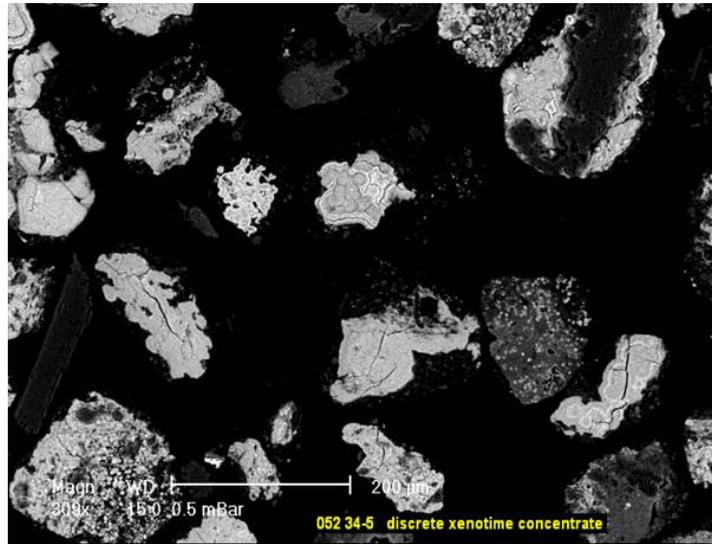


Figure 1: Hole TURC74; 2-6m; xenotime concentrate containing an abundance of discrete xenotime 50-400 micron size particles, botryoidal (secondary) xenotime, xenotime with goethite (iron oxide mineral) and xenotime with kaolin (clay).

Mineralogical analysis also showed the association of uranium with the xenotime mineralisation (average grade of samples 632ppm U; previously reported result). At this point, pending further metallurgical test work, TUC is treating the uranium as potentially recoverable product rather than a deleterious element.

Numerous examples of the xenotime mineral were noted in four separate high grade 1m drill samples taken from an RC hole at Stromberg (average grade of samples 1.23% Total Rare Earth Oxide (TREO); previously reported result).

In light of these positive mineralogical findings, TUC plan to proceed with further metallurgical test work to determine possible concentrate grades. A follow up RC drilling program at Stromberg is planned to commence in the coming weeks.

*Total REO's have been calculated by addition of REO 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. 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.

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TUC Resources Ltd holds approximately 16,000km² of prospective land package across 39 (27 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.