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Listings Officer
ASX Melbourne
ASX Announcement by Electronic Lodgment, Monday, December 20, 2010

KARINGA CREEK POTASH UPDATE
50:50 Joint Venture with Reward Minerals Ltd

Assay results from the two Air Core drilling programs in October and November have been received and highlight significant potassium, magnesium and sulphate levels in aquifers surrounding the Karinga Creek Salt Lakes. These results are significant in that they show the spring water recharging the lakes is relatively high in key minerals as it enters the lakes where it evaporates to near saturation levels.

The diagenetic clays are enriched in potassium minerals via entrained brine and which are widespread throughout the entire project area may also be amenable to a washing/leaching process to extract potassium minerals.

Table 1. Highlight water assays from Air Core Drill Holes

Sample Number	SG	TDS	Na	K	Mg	SO4	Cl
		mg/L	mg/L	mg/L	mg/L	mg/L	mg/L
KPB8	1.076	102238	30000	1600	2940	13573	53190
KPB14	1.065	84073	24000	1140	3026	12906	42552
KPB15	1.089	123847	33000	1500	3767	21092	63828
KPB18	1.052	61815	19200	2200	2479	8044	28368
KPB19	1.054	64353	19000	2200	1519	15095	24822
KPB20	1.062	78812	22000	2000	2820	18573	31914
KPB51	1.074	98425	44000	2200	2431	13310	35460

During early December, pump flow testing has been carried out on four trenches on selected salt lakes and recharge rates calculated. The Joint Venture is extremely pleased with recharge levels even though the trenches for logistical reasons were located on the outer edge and surrounds of the salt lakes where recharge is expected to be significantly less than the central parts of the lakes. The wetter middle parts of the lakes will be tested in 2011 once roads are constructed on the lakes to allow excavator access without getting bogged.

Pump tests on the two larger trenches were carried out on three consecutive days with the trenches pumped out then allowed to refill with time and recharge rates recorded. The Curtin West trench was pump tested on two consecutive days and the Mygoora South Trench was only pumped once due to poor recharge rates most probably due to poor positioning of the trench on the western side of the lake due to poor access conditions elsewhere on the lake edge.

One litre and 20 litre bulk samples were collected from trenches and from the wetter parts of the lake and have been tested for conductivity in-house. Testing confirms the lake edges and lake surrounds contain brines that are of lower mineral content than those in the central parts of the lakes (eg Swansons 101mS v/s 240mS).

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Table 2. Trench data for pump tests

Trench	Easting	Northing	Dimensions (length x width x depth)	SWL (below surface)
Swansons	799543	7195823	4.3m x 1.8m x 3.3m	1.0m
Pump 1				
Pump 2				
Pump 3				
Mallee Well	784430	7203963	8.3m x 1.8m x 2.1m	0.7m
Pump 1				
Pump 2				
Pump 3				
Curtin West	776774	7209020	3m x 2m x 2.4m	0.65m
Pump 1				
Pump 2				
Mygoora South	263375	7192349	3.7m x 2.2m x 1.9m	0.7m
Pump 1				

Mallee Well Trench

The Mallee Well trench was dug by NT Evaporites circa 1990 and has remained open ever since. This trench was selected for pump testing because of the high grade nature of the salt water brine which averages 7925 mg/L potassium (17.7 kg potassium sulphate/m^3). Pump tests were carried out over three days and recharge was very good even though the trench is not located in the wettest part of the lake.

Figure 1. Mallee Well Lake historic trench

Trench	Litres pumped	Pump time (min)	Litres recharged	Waiting time (min)	% recharge	Recharge (litres/min)
Mallee Well						
Pump 1	25110	185	22097	450	88	49
Pump 2	18000	118	15300	387	85	39.5
Pump 3	30000	200	25590	442	85.3	57.9

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Swansons Trench

The Swansons trench was dug 350m south of the lake beside the access track where and Air Core drill hole intersected vigorous brine flow very close to surface. Swansons Lake averages over 4000 mg/L potassium and access to the lake is extremely good. Subsurface spring water flow into the trench was vigorous and visible from a number of points within the trench. The trench was pump tested over three days and recharge was high for the small size of the trench.

Figure 2. The Swansons Trench located 350m south of the lake edge

Trench	Litres pumped	Pump time (min)	Litres recharged	Waiting time (min)	% recharge	Recharge (litres/min)
Swansons						
Pump 1	11700	78	8775	240	75	36.5
Pump 2	9000	60	8010	372	89	21.5
Pump 3	10200	68	7956	265	78	30

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Curtin West Trench

The Curtin West trench was dug on the south western edge of the Curtin West salt lake which is a small north south oriented lake containing high grade potassium at 7200 mg/L potassium. Recharge here was slower but consistent at around 6 litres per minute.

Figure 3. Curtin West Trench

Trench	Litres pumped	Pump time (min)	Litres recharged	Waiting time (min)	% recharge	Recharge (litres/min)
Curtin West						
Pump 1	6150	41	3690	600	60	6.15
Pump 2	6900	46	3174	530	46	6

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Mygoora South Trench

The Mygoora South trench was dug on the western edge of a small circular salt lake with high grade potassium brine at 5175 mg/L. Recharge here was extremely poor in the clay rich subsurface however the centre of this lake is extremely wet and recharge is likely to be high in the mid part of this lake.

Figure 4. Mygoora South Trench

Trench	Litres pumped	Pump time (min)	Litres recharged	Waiting time (min)	% recharge	Recharge (litres/min)
Mygoora South						
Pump 1	5250	35				extremely slow

Figure 5. Samples collected during the trenching operation

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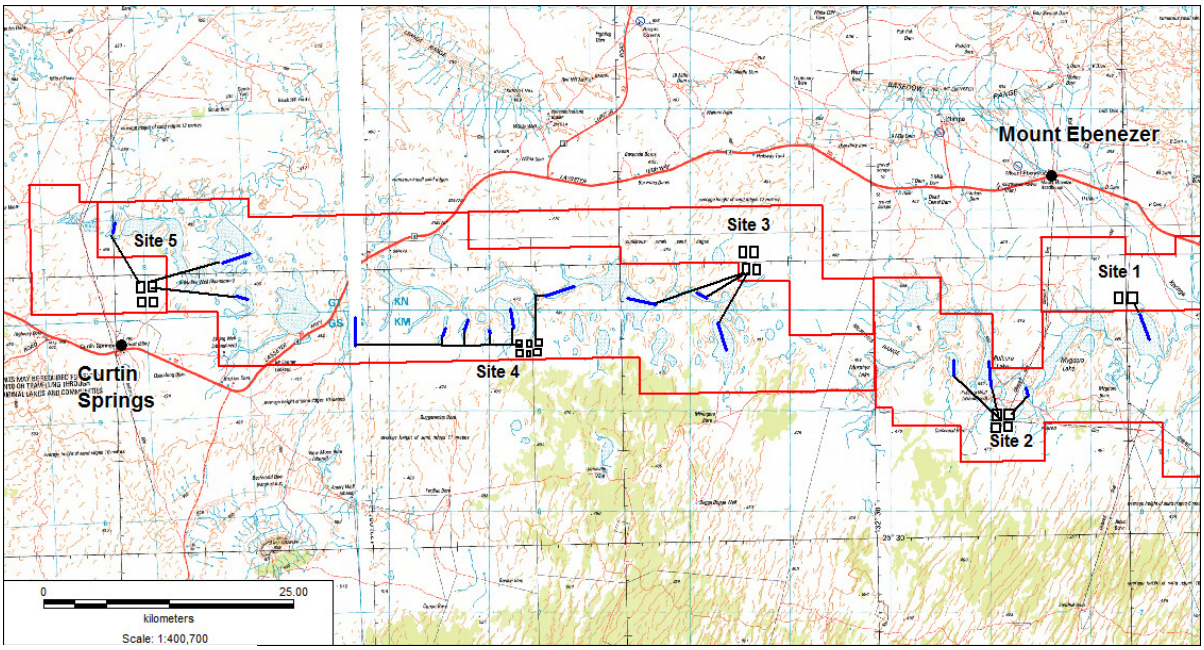
The Joint Venture will ramp up exploration in 2011 to include resource drilling with a helicopter supported vibracore drill rig. The Joint Venture will also commence process route testing and potassium sulphate and schoenite bench scale production trials. Baseline environmental surveys and hydrological assessment will also commence. A number of sites will also be selected for trenching and pumping to trial production ponds.

In-house resource calculations are currently being made for potassium sulphate and schoenite using known lake dimensions, 2m brine thickness and assumed brine content based on geochemical results from brine samples.

Based on exploration results from 2010 five proposed potassium salt production sites have been selected with varying numbers of salt lakes at each site. Production trenches will be dug into the salt lakes with brine then pumped to solar evaporation ponds at each site.

Figure 6. Proposed Production Sites (production trenches in blue, pipelines in black)



D.W.Muller M.SC., M.B.A., F.Aus.I.M.M.
Managing Director

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr. David Muller, who is a Fellow of the Australian Institute of Mining and Metallurgy.

Mr. Muller is Managing Director and a consultant to the Company. Mr. Muller has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration results, Mineral resources and Ore Reserves".

Mr. Muller consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

Further Information call Rum Jungle Resources Ltd Office Darwin: 08 89420385