



13 January 2012

Red Gum Resources Limited ACN 119 641 986 (“Red Gum” or “the Company”) ASX conditions of quotation

As required under the ASX conditions of quotation, Red Gum advises as follows:

1. Prospectus Closure

As previously advised, the offer set out in the Prospectus of the Company dated 21 October 2011 and Supplementary Prospectus dated 21 November 2011 (**Prospectus**) was closed on 28 November 2011.

The Company raised a total of \$4,003,563 under the Prospectus, represented by an issue of 20,017,818 ordinary fully paid shares at an issue price of \$0.20 per share.

2. Despatch

The Company confirms dispatch of each of the following:

- (a) In relation to all holdings on the CHESSE sub-register, notices from the Company under the ASX Settlement Operating Rule 8.9.1;
- (b) In relation to all other holdings, issuer sponsored holding statements; and
- (c) Any refund money.

3. Issue of Securities

The Company confirms the issue of the following securities referred to in the Prospectus:

- (a) 1,000,000 options have been issued to CCZ Corporate Finance Pty Ltd as referred to in Section 10.4(c) of the Prospectus;
- (b) 3,000,000 options have been issued to Dr Paul Pearson pursuant to the Executive Services Agreement between Dr Pearson and the Company as referred to in Section 10.2 of the Prospectus; and
- (c) 750,000 shares have been issued to Dr Pearson in connection with the termination of the Management Agreement and Finder's Fee Agreements with Ore-Forming Solutions S.A as referred to in Sections 10.5 and 10.6 of the Prospectus.

4. Restricted Securities

The table below sets out the classes and number of securities of the Company which are subject to escrow and the escrow periods that apply to those securities.

Security	Number of securities subject to escrow	Escrow period
Ordinary shares	30,425,932	24 months from date of quotation of RGX securities
	350,000	12 months from the date of issue of securities being 10 January 2011
	150,000	12 months from the date of issue of securities being 24 January 2011
	30,682	12 months from the date of issue of securities being 2 March 2011
	1,027,636	12 months from the date of issue of securities being 7 July 2011
	2,887,159	12 months from the date of issue of securities being 4 August 2011
	1,895,000	12 months from the date of issue of securities being 28 October 2011
Options	4,000,000	24 months from date of quotation of RGX securities

5. Exploration Targets

Red Gum Resources Limited (**Company**) disclosed in its Prospectus dated 21 October 2011 the following exploration targets:

- (a) La Negra Project in Chile – 10 Mt – 70 Mt* polymetallic deposit; and
- (b) Chongos 2006A Project in Peru – 5 Mt – 15 Mt* high grade metal ore.

The Company provides the following further information in relation to the above exploration targets.

La Negra Project

The Exploration Target of 10 Mt - 70 Mt grading 0.21%-11.75% Pb, 0.21%-11.55% Zn, and 0.03%-1.1% Cu has been ascribed to the La Negra Project*.

***Note:** With regard to the above exploration targets - the potential quantity and grade is conceptual in nature and that there has been insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

The Exploration Target is constrained in dimensions based on the 3 dimensional induced polarisation survey that has been processed and interpreted, geological mapping and geochemistry (soil and rockchip), in addition to standard assumptions on density.

The relative abundance of metals expected to be encountered within the Exploration Target is constrained by available soil geochemical data, rock chip derived geochemical data and underground sampling (both historic and recent). Data used has been weighted towards recent information in preference for

historically reported grades that are not adequately verifiable. Presented below are the tabulated summaries of the geochemistry interpreted for this purpose:

Table 1: Inversiones Provided La Negra Underground Sample Results Taken by Previous Option Holder

Sample No	Length (m)	Ag (ppm)	Pb (%)	Zn (%)	Au (ppm)	Cu (%)
5642	1	43.6	0.21	0.21	0.08	1.11
5643	5	15	0.4	0.46	0.05	0.29
5644	5	3.62	0.16	0.58	0.14	0.03
5645	1	76.7	7.25	2.42	0.23	0.62
5646	5	87.8	11.75	4.12	0.05	0.15
5647	4.5	63	5.87	11.55	0.23	0.28
5648	5	38.5	4.73	8.93	0.13	0.20
5649	5	75	8.37	9.61	0.13	0.58
5650	5	84.5	9.61	9.22	0.28	0.52
5651	5	71.6	8.06	9.87	0.16	0.34
5652	5	16.85	1.66	2.82	0.07	0.13

Table 2 Pudahuel La Negra Underground Sampling

Sample No.	Ag (ppm)	Pb (%)	Zn (%)	Au (ppm)	Cu (%)
1	76	5.2	16.4	0.05	0.33
2	78	11	8.7	0.2	0.33
3	69	9.4	4.2	0.1	0.31
4	139	12.4	5.2	0.1	0.25
5	41	1.42	0.52	0.3	0.67
6	78	7.4	8.8	0.5	0.6
7	90	6.2	8.61	0.5	1.3
LN 20	50	8.92	8.09	-	0.5
LN 22	90	6.2	8.61	0.5	1.05
LN 23	60	7.71	6.16	0.5	0.5
LN 24	70	5.36	13.7	0.5	0.4

Table 3: La Negra Soil Geochemical Survey Statistics (ppm)

Element	n	Minimum	Maximum	Mean	Anomalous
Zinc	1483	43	11,200	124	+400
Lead	1483	2	10,100	23	+200
Silver	1483	<0.05	10.3	0.6	+1
Gold	1483	<0.01	0.53	0.01	+0.1
Copper	1483	14	1550	94	+200

Table 4 La Negra Rock Chip Sampling Survey Statistics (ppm)

Element	n	Minimum	Maximum	Mean
Zinc	184	20	37,100	625
Lead	184	5	15,200	1942
Silver	184	<0.2	50.3	3
Gold	184	<0.01	3.3	0.16
Copper	184	3	3,300	158

Chongos 2006A Project

The Exploration Target of 5 Mt - 15 Mt of potential high grade base metal ore (grading 0.002%-5.87% Pb, 0.006%-2.78% Zn)*, has been ascribed to the Chongos 2006A Project.

***Note:** With regard to the above exploration targets - the potential quantity and grade is conceptual in nature and that there has been insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.



The Exploration Target is constrained in dimensions based on a standard basic interpretation of geological mapping and geochemistry data (soil and rockchip), in addition to standard assumptions on density.

The relative abundance of metals expected to be encountered in the exploration target is constrained by available soil and rock chip derived geochemical data. Data used has been based on historically reported grades obtained in previous systematic exploration that are not adequately verifiable. In addition, it must be qualified that the low number of rock chip samples previously taken from the prospect makes a statistically meaningful estimation of expected mineralisation grade somewhat difficult. However, the author is of the opinion that they serve as a potentially realistic guide. Presented below are the tabulated summaries of the geochemistry from the Chongos 2006A Exploration Target interpreted for this purpose, which serve as a reference in highlighting the possibility of high grade base metal ore:

Table 5 Chongos 2006A Soil Geochemical Survey Statistics (ppm)

Element	n	Minimum	Maximum	Mean	Anomalous
Zinc	1621	15.5	24,500	1,018	+1500
Lead	1621	5	2,091	94	+185
Silver	1621	0.1	144	0.47	+0.6
Gold	1621	>0.005	0.017	0.007	+0.01
Copper	1621	3.6	215	32	+51

Table 6 Chongos 2006A Rock Chip Sampling Survey Statistics (ppm)

Element	n	Minimum	Maximum	Mean
Zinc	45	56	27,800	3,292
Lead	45	16	58,700	1,645
Silver	45	>0.1	1.1	0.12
Gold	45	>0.001	0.016	0.0014
Copper	45	>5	302	17.0

Competent person statement in respect of the exploration targets

The information in this document that relates to Exploration Targets is based on information compiled by Dr Paul Pearson, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists (Membership No 220639). Dr Pearson is the Managing Director of Red Gum Resources Limited.

Dr Pearson 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'. Dr Pearson consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.



6. Updated Pro-Forma Statement of Financial Position

An updated Pro-Forma Statement of Financial Position as at 30 April 2011 based on actual funds raised under the Prospectus is set out below:

	Historical as at 30 April 2011 (audited) \$,000	Actual Subscription under IPO (unaudited) \$,000
Current Assets		
Cash and cash equivalents (Note 1)	129	4,513
Other receivables	21	21
Total Current Assets	150	4,534
Non-Current Assets		
Plant and equipment	3	3
Exploration and evaluation expenditure	953	953
Total Non-Current Assets	956	956
Total Assets	1,106	5,490
Current Liabilities		
Trade and other payables	181	181
Total Current Liabilities	181	181
Total Liabilities	181	181
Net Assets	925	5,309
Equity		
Issued capital	1,465	5,849
Accumulated losses	(540)	(540)
Total Equity	925	5,309

Note 1 Cash and Cash Equivalents

	Actual Subscription (unaudited) \$,000
Adjustments arising in the preparation of the pro-forma balance are summarised below:	
Reviewed balance at 30 April 2011	129
Processed from Issue of Shares pursuant to the Prospectus	4,003
Processed from Issue of Shares pursuant to the Information	



Memorandum dated May 2011	1,007
Payment of balance of estimated Share Issue costs of the Offer and Information Memorandum Share issue	(626)
Pro-forma Balance	4,513

7. Updated Program and Budget

An updated Program and Budget based on the actual amount of funds raised under the Prospectus is set out below:

	Year 1	Year 2	Total
INFLOW			
Funds Raised IPO	4,003,000	-	4,003,000
Interest	120,090	69,707	189,797
Total Inflow	4,123,090	69,707	4,192,797
EXPENDITURE			
Exploration Activity			
Geological	60,000	65,000	125,000
Geophysical	-	-	-
Geochemical	99,445	-	99,445
Drilling	530,000	710,000	1,240,000
Total Exploration Expenditure	689,445	775,000	1,464,445
Option Payments			
Project: La Negra	-	555,555	555,555
Total Option Payments	-	555,555	555,555
Total Working Capital & Administration	990,000	990,000	1,980,000
TOTAL EXPENDITURE	1,679,445	2,320,555	4,000,000



Yours faithfully

Malcolm Lucas-Smith

Company Secretary
Red Gum Resources Limited

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