RED GUM

# ASX ANNOUNCEMENT

1st March 2012

## Peruvian Exploration Update

Red Gum Resources Limited (ASX: RGX, "Red Gum" or "the "Company") is pleased to provide investors with an update on scheduled exploration activities at its Cerro Huancash and Chongos Projects in central Peru. It is the Company's intention to commence surface exploration in Q2, when wet weather conditions ease, as is normal in this segment of the Andes.

### HIGHLIGHTS

- **Start-up of Peruvian surface exploration brought forward – now commencing April 2012**
- **Geologist and field staff contracted in preparation of survey**
- **3D Digital compilation of all existing exploration data underway**
- **Tendering underway for geophysical surveys**
- **Mapping and geochemical survey currently being planned**

**Managing Director Paul Pearson commented**, "The Company's Peruvian projects, Cerro Huancash and Chongos, are exciting assets within the prolific central Peru Polymetallic Belt, which is host to world-class porphyry, skarn and replacement deposits. We are very pleased to be announcing an accelerated start-up of this regional exploration program, which is scheduled to begin earlier than anticipated, in approximately April of this year."

"Our neighbours, near and far, are undertaking significant programs in the region, with some encouraging results to date.  This belt hosts excellent opportunities for Red Gum to value add through discovery and development of economic base and precious metal deposits."

*****ENDS*****

For Further information please contact:

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## About the Cerro Huancash Project

The Cerro Huancash Project consists of one exploration claim covering an area of 575.6 hectares. It is located approximately 45 km west of smelting facilities at La Oroya and 20 km north-northwest of Glencore's Casapalca Zinc-Lead-Silver Mine. Cerro Huancash is readily accessible on a year round basis from the capital Lima, located 100 km to the southwest, via the Central Highway.

Previous exploration in the Cerro Huancash area revealed frequent occurrences of iron-stained gossans and mineralised float containing banded zinc sulphides over 8 km of strike length. The Cerro Huancash claim covers over 3 km of this highly prospective belt and given its close proximity to major mining operations at Morococha and Casapalca, this mineralised trend has been heavily targeted by companies.

Based on previous work done by Teck Cominco and Pasminco, the trend contains very strong zinc, copper, lead, silver and gold anomalies, predominantly along the faulted contact between Tertiary volcanics and Cretaceous limestones of the Jumasha Formation (a unit which hosts large ore deposits in the region including the giant Antamina Copper-Zinc deposit with reported mineable reserves 745 million tonnes @ 1.06% Copper, 0.67% Zinc, 0.64% Lead, 11.7 g/t Silver and 0.026% Molybdenum).

As disclosed in the Independent Expert's Report included within the Company's IPO Prospectus issued in November 2011, historical surface geochemical sampling by Pasminco reported up to 15.8% Zinc, 9.8% Lead and 459 ppm Silver to the west of the central side of the Cerro Huancash claim. Only four samples were taken towards the southern end of and within the claim area and reported up to 2,779 ppm Zinc, 1,957 ppm Lead and 11 ppm Silver. Teck Cominco in 2001 reportedly drilled at least four diamond drill holes along the trend to the north of the concession, intersecting intervals of high grade Zinc-Lead-Copper-Silver sulphides hosted within skarn–altered limestones.

More recently, Pan American Silver has reportedly conducted drilling of the mineralised trend immediately to the north of the Cerro Huancash claim. Red Gum is also aware that Pan American Silver recently completed a transaction with a private company, Southern Peaks Mining, involving the 'Ariana' tenements, which are adjacent to Cerro Huancash. The Company believes that this transaction has positive implications for the prospectivity of the area exclusively controlled by Red Gum.

## About the Chongos Project

The Chongos Project ("Chongos") is located approximately 180 km southeast of Lima. Red Gum has acquired three separate claims (Chongos 2006A, B and C), comprising a total area of 2,400 hectares.

As disclosed in the Independent Expert's Report included within the Company's IPO Prospectus issued in November 2011, historical work undertaken previously by Savage/Pasminco during the 1990s clearly demonstrates that each of the claims is underlain by extensive Zinc-Lead anomalies, hosted by the carbonate units of the Cretaceous Jumasha Formation. The zinc anomalies at Chongos appear to have an iron-manganese association, suggesting the migration of metals within permeable horizons developed along possible fault zones. This association may reflect intrusion-related distal replacement mineralisation associated with partially outcropping Tertiary intrusive stocks.

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Savage Resources took a total of 2,149 samples, the bulk of which were soil samples. At Chongos A, a consistent 1000+ ppm soil Zinc anomaly, approximately 3 x 0.5 km in size, was defined within a grid of 1,621 soil samples. Forty-five grab samples taken from the soil anomaly report consistently elevated Zinc and Lead values, ranging up to 2.78% Zinc and 0.13% Lead.

At Chongos B, soil Zinc anomalism in equivalent stratigraphy has been defined by three reconnaissance soil geochemistry lines (81 samples) over a strike length of approximately 3km. Grab and trench sampling (138 samples), extended the consistent Zinc anomalism to over 4 km of strike length and reported values of up to 1.2% zinc.

At Chongos C, six reconnaissance soil geochemistry lines (157 samples) defined strong Zinc anomalism over at least 2 km of strike length. Grab and channel sampling along lines (120 samples) confirmed strong Zinc anomalism over a 2.5 km strike length and up to 450 m across strike, open to the southeast. Maximum values reported are 1.3% Zinc and 3.3% Lead.

**Competent Persons Statement**

*The information in this document that relates to Exploration Targets is based on information compiled by Dr Paul Pearson, who is a Fellow of The Australasian Institute of Mining and Metallurgy. 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 and verifies that it is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Exploration Results, Mineral Resources and/or Ore Reserves.*

*Disclaimer: It should be noted that mineralisation, or mineral resources/reserves, on other properties discussed in this press release are stated to provide regional context only and may not necessarily be indicative of mineralization present within the Cerro Huancash and Chongos claims.*

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