ASX ANNOUNCEMENT

23 November 2012

Extensive Sulphidic Mineral System Confirmed at Cerro Huancash, Peru

Red Gum Resources Limited (ASX: RGX, "Red Gum" or "the "Company") is pleased to announce further positive initial results from a recently completed induced polarization (IP) geophysical survey at the Company's 100% owned Cerro Huancash Project located in central Peru.

HIGHLIGHTS

- **Results received from final four (northernmost) lines of eight line IP survey show possible extension of the mineralised "Ariana Corridor" through Red Gum's ground**
- **Strong chargeability anomalies, corresponding to conductive (low resistivity) zones, suggest extensive sulphides beneath the Ariana Corridor**
- **Highly chargeable zones extend from surface to +250 metres; open at depth**
- **Geometries and geophysical response strongly suggest sulphidic skarn / replacement mineral system above possible porphyry stock which provides additional significant upside if mineralised**

Managing Director Paul Pearson commented**, "Following the results from the four southern IP lines released on 19th November 2012, these latest results from the four northernmost lines are even more exciting. The IP has successfully demonstrated the existence of a concealed, large scale, sulphidic mineral system at Cerro Huancash, focused along the Ariana Corridor. As such we believe that there is very good potential for the discovery of a significant base and precious metal system at economic depths. The Company is now working towards the development of drill targets within the property".Discussion of remaining results**

The IP continues to define east-dipping, strongly chargeable zones, hundreds of metres across, beneath the faulted limestones of the mineralized "Ariana Corridor". On several of the IP lines, the strongly chargeable zones pass downwards into a broader, more strongly chargeable zone suggestive of a concealed intrusive stock (possibly a porphyry) at depth. This latter feature potentially maps the "heat engine" driving this mineral system.

Based on their cross-cutting geometry, the deeper, more strongly chargeable zones present on lines 62000, 58000 and 54000 (also partially coincident with low resistivity zones), possibly map a sulphidic intrusive stock/s beneath the limestones.

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East-dipping, highly chargeable zones at shallower depth also coincide with low resistivity zones, possibly map semi-concordant skarn / replacement zones with a high sulphide content.

In summary, the geological, magnetic and IP data acquired to date strongly suggest the existence of a stratigraphically - and structurally-controlled sulphidic skarn / replacement mineral system above, and marginal to, a discordant, sulphidic intrusive stock below.

The siting of these features confirms the Company's conclusion that at least 800 metres of strike extensions of the sulphide-mineralized "Ariana Corridor" pass through the northern sector of Cerro Huancash.

CERRO HUANCASH PROJECT

CHARGEABILITY INVERSION SECTION 62000 (SEE MAP)

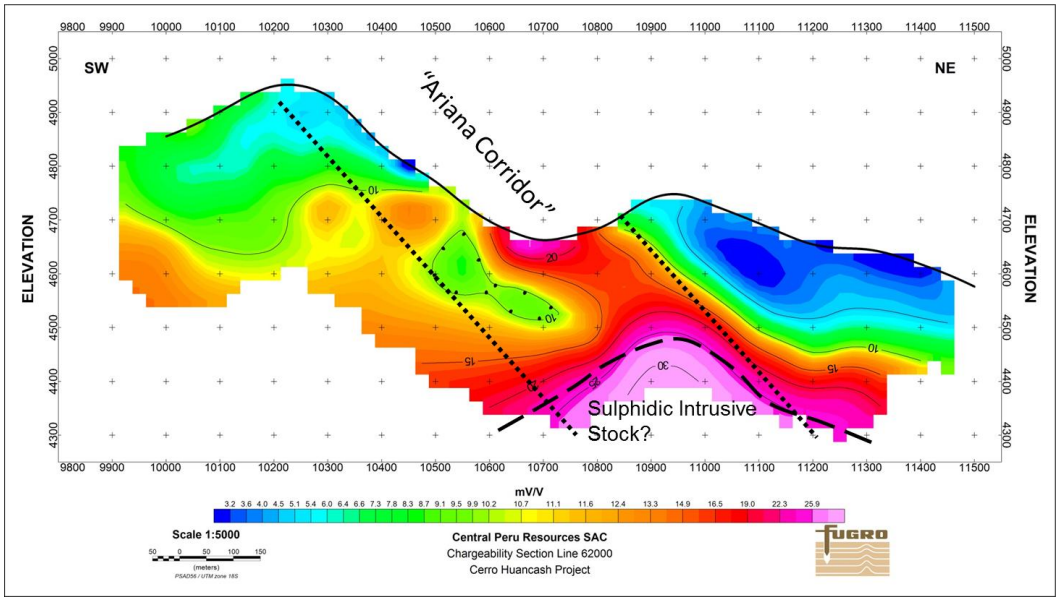

Figure 1: Example Chargeability Inversion Section, Line 62000

CERRO HUANCASH PROJECT

CHARGEABILITY INVERSION SECTION 54000 (SEE MAP)

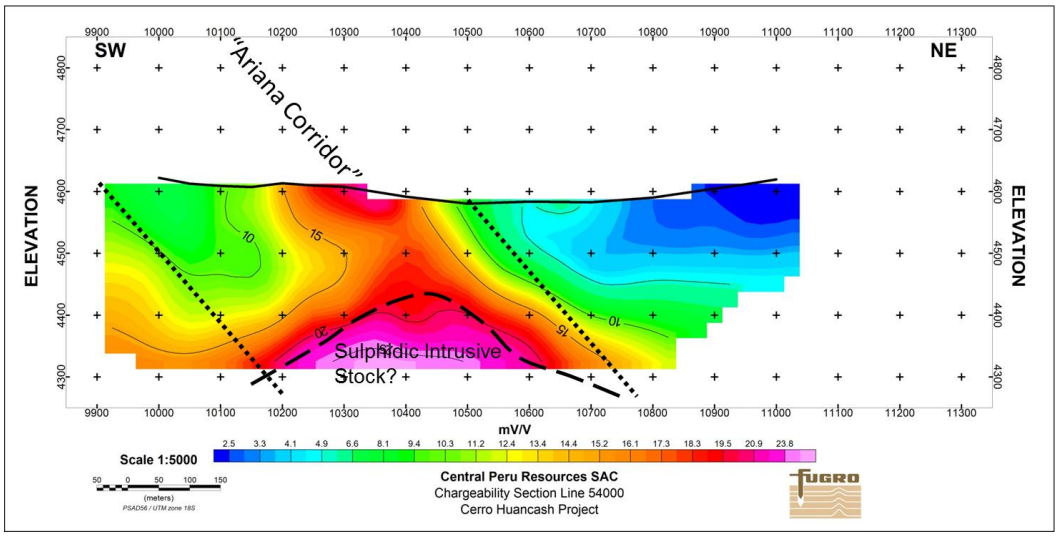

Figure 2: Example Chargeability Inversion Section, Line 54000

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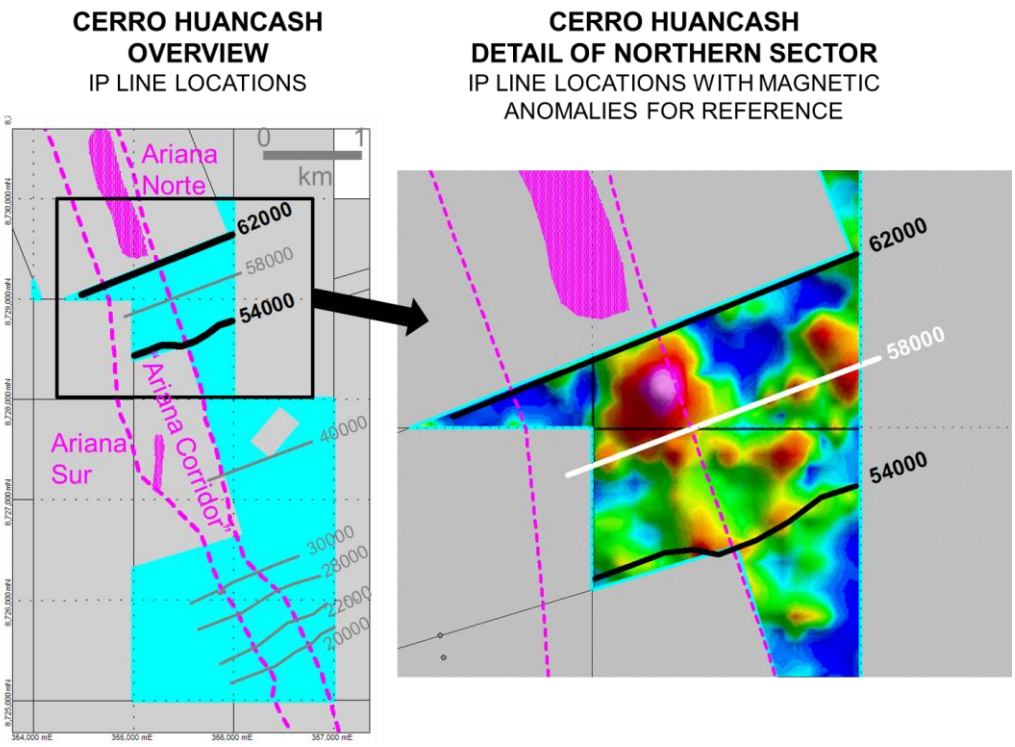

Figure 3*:* General and detailed location of IP lines, Cerro Huancash. The area shown in light blue is Red Gum's claim.

About the Cerro Huancash Project

Red Gum's 100% owned Cerro Huancash Project consists of an 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 base metal sulphides over 8 km of strike length. Red Gum's 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 exploration companies.

Geochemical assays of surface samples collected by Red Gum from Cerro Huancash reported high grades of precious and base metals, confirming historical surface metal grades previously reported (ASX announcement dated 19 September 2012). In addition, the Company's recently completed ground magnetic survey identified a number of strong magnetic anomalies potentially associated with economic skarn and replacement-style base/precious metal mineralisation.

In recent years, Southern Peaks Mining (a private company), has completed extensive drilling immediately north on their 'Ariana' property. Given that Southern Peaks has recently made known in the public domain that significant mineralised resources exist at their Ariana Norte and Ariana Sur prospects, Red Gum has placed a high priority on further exploration at Cerro Huancash.

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Overview of Induced Polarisation Program

The Induced Polarisation survey was carried out by the Peruvian subsidiary of FGG, a leading Australian-based geophysical contractor with international operations and offices in five countries.

The IP pole-dipole survey consisted of 10 line kilometres of 100 metre 'a' dipole spacing, n=1 to 10 in 8 lines. GPS readings for each station were acquired using a hand-held GPS receiver. Fugro utilised an Iris Instruments ElectroPro IP receiver for data collection, and an Elliot, Huntec or Edimel transmitter with compatible motor generator for signal generation.

Competent Persons Statement

The information in this document that relates to Exploration Results is based on information compiled by Dr Paul Pearson, who is Fellow of The Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. 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.

*****ENDS*****

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