



ASX ANNOUNCEMENT

28 May 2013

Drilling Advances at Chilean Copper-Gold Play

Red Gum Resources Limited (ASX: RGX, "Red Gum" or "the "Company") announces it has successfully completed the first five drill holes for a total of 703.35 metres, as part of its first phase, 1500 metre diamond drilling program at its Majada Copper-Gold Project in northern Chile. Drill targets have been defined based on recently completed magnetics and induced polarization surveys, integrated with a detailed geological study.

The Majada Project covers nearly 600 hectares of a highly prospective portion of the Chilean IOCG Belt, located 120 kilometres south of La Serena in Region IV of northern Chile.

HIGHLIGHTS

- **Five holes completed for a total of 703.35 metres.**
- **Sixth hole in the program about to commence.**
- **1500 metres minimum of drilling programmed.**
- **Visual inspection indicates that oxides and sulphides have been intersected. Initial interpretation is that the mineralisation represents typical IOCG style in an oxide to sulphide transition zone.**
- **Sulphide mineralisation is hosted in porphyritic andesites, volcanoclastics and alteration zones adjacent to granodiorite intrusives, as well as within fractured shear boundaries.**
- **First assay results expected during June 2013.**
- **Project located in the premium Iron Oxide Copper Gold (IOCG) Belt of northern Chile, close to power and road infrastructure.**
- **Two significant IOCG discoveries are located within a few kilometres of the Project.**

Managing Director Dr Paul Pearson commented, "Red Gum has again demonstrated its ability to efficiently execute drilling programs in Chile, having already completed the first five diamond drill holes at Majada, within weeks of signing an agreement, undertaking geophysical surveys and effectively addressing all of the logistic, access and community issues inherent in any drilling campaign.

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To date we are pleased to report that the drilling is proceeding as planned.”

“The first month in the drilling program at Majada has primarily focused on the operators gaining a better understanding of the various technical and logistical issues specific to the project. Our dedicated field team and contractors are making rapid progress and we are expecting to increase overall core production rates as the second month of the program unfolds.”

ABOUT THE MAJADA COPPER-GOLD PROJECT

The Majada Copper-Gold Project is located within the IOCG Belt of northern Chile, approximately 120 kilometres south of La Serena in Region IV (Figures 1 and 2).

As outlined in an earlier ASX release dated 27 March 2013, Red Gum has the right to earn a 100% interest in the nine claims, comprising the Project, by making staged, six monthly, option payments totalling 679.5 million Chilean pesos (A\$ 1.44 million at current exchange rate) to the owners over a 3 year period from the date of signature. Should Red Gum elect to exercise the final option and acquire the properties at any time during the next 3 years, the owners would also have the right to receive an additional, and once only, payment of 600 million Chilean pesos (A\$ 1.27 million at current exchange rate) upon Red Gum achieving commercial production.

The project consists of 587 hectares of third party exploitation mineral claims, distributed in two geographically separated areas; Majada Este and Majada Oeste. In addition, Red Gum has applied for new exploration claims adjoining the Majada Oeste area, totaling an additional 400 hectares. Despite numerous shallow surface workings there is no evidence of pre-existing drilling within the Majada area.

The **Majada Este area**, comprising five mineral claims totaling 267 hectares, contains a number of oxide pit workings coincident with the surface outcrop of a belt of intensely sheared and altered andesite volcanics, along the contact with a belt of granitic intrusive rocks located to the west. In addition, dump material from a number of small underground adits at topographically lower levels displays strong sulphide mineralisation (including bornite and chalcopyrite).

At **Majada Oeste**, comprising four claims totaling 320 hectares, a broad N-S brittle-ductile shear zone, developed along the contact between granitic intrusive rocks and andesitic volcanic rocks, controls a number of significant copper-gold pits and diggings. Previous historical exploration by a public mining company in 1999 included geochemical sampling plus magnetic and induced polarisation surveying. Surface geochemistry sampling of the oxide mineralisation, which was being exploited in the pits, reported maximum copper values up to 2.53% and maximum gold values up to 4.04 g/t. Red Gum's geological mapping has defined a NNW-SSE striking, moderately W-dipping shear zone structure over 3.0 kilometres long and +500 metres wide.

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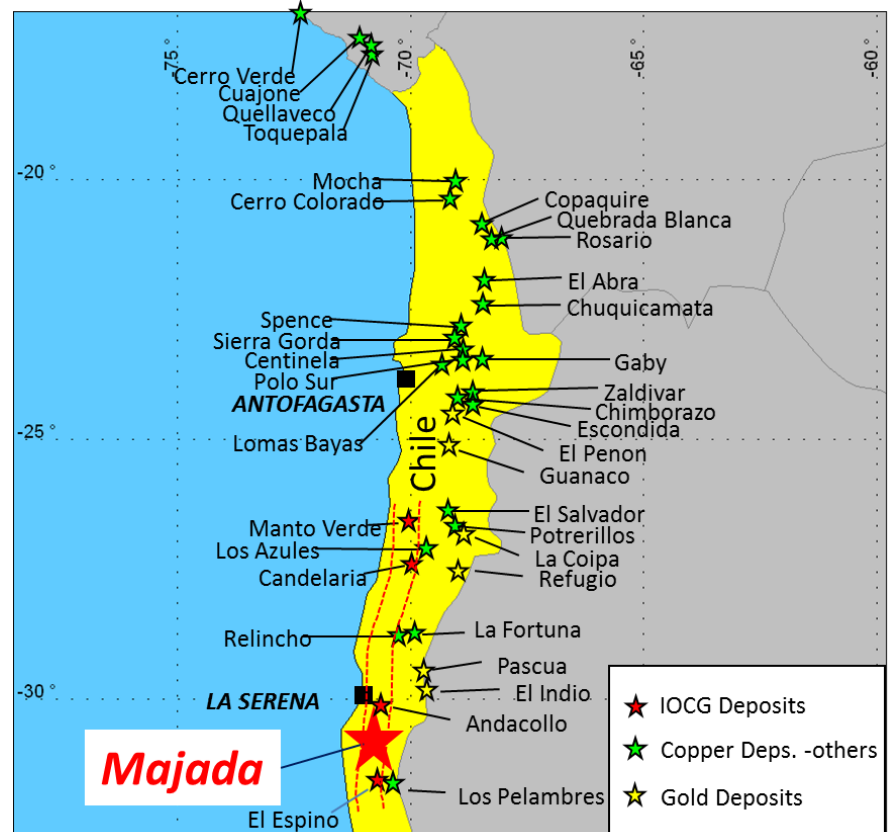


Figure 1: Location of the Majada Project in the Chile IOCG belt

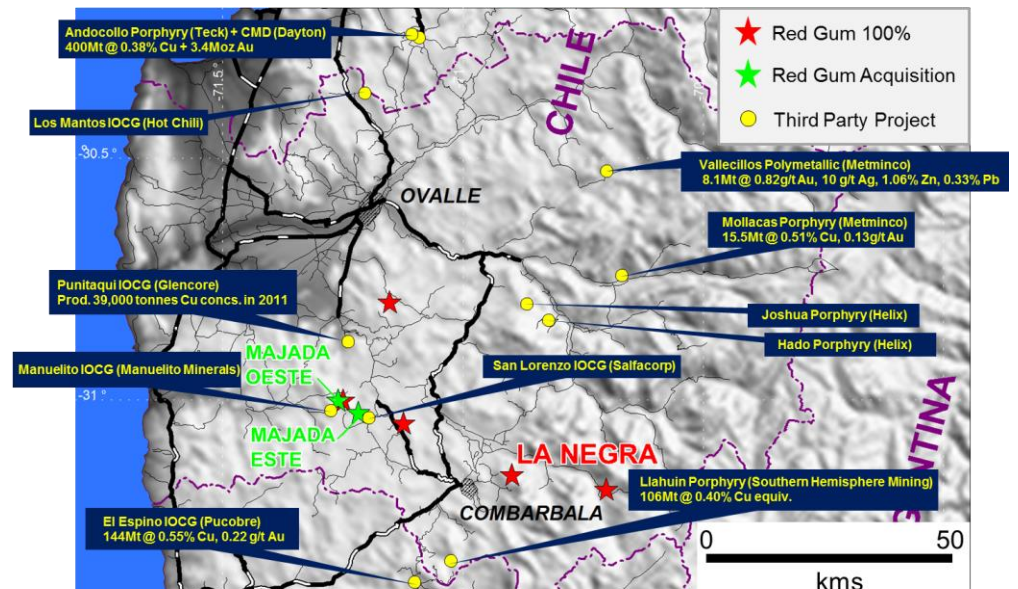


Figure 2: More Detailed Location of the Majada Copper-Gold Project (in green)

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ABOUT IRON OXIDE COPPER-GOLD (IOCG) DEPOSITS

Iron oxide copper gold (IOCG) ore deposits are highly valuable concentrations of copper and gold (+/-uranium) hosted within voluminous, iron oxide -dominated gangue assemblages (typically magnetite and/or haematite). IOCG deposits are considered to be metasomatic expressions of large crustal-scale alteration events driven by intrusive activity and their gangue mineral assemblages are characterised by distinctive sodic, potassic and calcic phases. Deposits of this style tend to occur in broad linear tectonic belts, such as the Cretaceous belts of Chile and Peru. Examples of IOCG deposits in the Chile and Peru belts include:

- Candelaria, Chile (470 Mt @ 0.95% Cu, 0.22 g/t Au, 3.1 g/t Ag)
- Manto Verde, Chile (+250 Mt @ 0.75% Cu)
- El Espino, Chile (144 Mt @ 0.55% Cu, 0.22 g/t Au)
- Mina Justa, Peru (413 Mt @ 0.79% Cu).

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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