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Gold Resource Increases by 40%

- **Total gold resources at Redcliffe Gold Project increased by 40% to 278,000oz.**
- **Kelly open to north, south and at depth**

Redcliffe Resources Limited (ASX: RCF) is pleased to advise of an updated gold resource at the Company's namesake Redcliffe Gold Project. The Project is located approximately 40km to the northeast of the town of Leonora in Western Australia.

The Redcliffe Gold Project resource estimate was updated following the completion of an initial resource estimate at the Company's Kelly deposit.

The indicated and Inferred Redcliffe Gold Project resource estimate, increased by 40% to 5.5Mt @ 1.57g/t for 278,000oz of gold. The maiden Kelly estimate provided an additional 2.4Mt @ 1.04g/t for 80,400oz gold.

The Kelly Project is a major mineralised system extending over a strike length of greater than 2km which is open to the north and south as well as at depth. The next phase of exploration at Kelly will focus on extending higher grade zones at depth. The programme will commence as soon as exploration funds become available.

The Kelly lies 2.5km to the north of the Golden Terrace South (GTS) deposit, where the Company has been investigating development following the completion of a Project Feasibility Study. Recent work focused on reviewing processing strategies. Limited toll treatment capacity within reasonable trucking distance from GTS (considered to be 140km) has led the Company to consider other alternatives for treatment and scheduling of development. This includes advancing the development of a heap leach processing approach at Kelly as a priority.

Redcliffe Gold Project Resource Table (at 0.5g/t Au lower cut off)

	Indicated			Inferred			Total		
Deposit	Tonnes	g/t	ounces	Tonnes	g/t	ounces	Tonnes	g/t	ounces
GTS	707,000	2.46	56,100	684,000	1.56	34,400	1,391,000	2.02	90,500
Nambi	262,000	3.30	28,000	298,000	2.50	24,000	559,000	2.88	52,000
Redcliffe				560,000	1.70	31,000	560,000	1.70	31,000
West Lode				373,000	1.20	15,000	373,000	1.20	15,000
Mesa				95,000	1.50	5,000	95,000	1.50	5,000
GT North				64,000	1.53	3,200	64,000	1.50	3,200
Golden Spear				26,000	1.60	1,000	26,000	1.60	1,000
Kelly				2,412,000	1.04	80,400	2,412,000	1.04	80,400
TOTAL	**969,000**	**2.70**	**84,100**	**4,512,000**	**1.33**	**194,000**	**5,480,000**	**1.57**	**278,100**

Note: 1. Resource tonnes and ounces have been subjected to rounding of component elements.
2. Resource Estimations for Kelly, BMGS (2012); GTS and GTN, BMGS (2011). All other deposits – Coffey Mining (2008)

Redcliffe Resources Limited

ASX Code: RCF
www.redclifferesources.com

Western Australia Office:
Suite 20, Riseley Corporate Centre
135 Riseley Street, Booragoon
Western Australia, 6154
P: (08) 9315 3339

Victorian Office:
523 Ligar Street,
Ballarat Victoria, 3355
P: (03) 5333 3200
F: (03) 5333 3650

Kelly Prospect Resource Estimate

The resource has been estimated by Mr Andrew Bewsher on behalf of independent consultants, BM Geological Services Pty Ltd, (BMGS).

The Mineral Resource estimate was solely based on Redcliffe's drilling programmes conducted in several stages from 2010 to 2012, comprising 93 RC drill holes totalling 11,723 metres.

Three separate wireframes were created using different gold cut-off grades for the interpretation; 0.2, 0.5 and 1.0g/t. These wireframes were created using a sectional approach. Strings were generated at regular intervals in line with the drill spacing across the deposit and joined together to create a valid three dimensional solid.

The 0.2g/t model comprised 25 separate lodes, but the lodes were estimated together due to their spatial proximity. The 0.5 and 1.0g/t models consisted of 24 and 19 separate lodes respectively. As these lodes were better discriminated, they were estimated on an individual basis using composite files consisting solely of data from each respective lode.

The block model was created in Surpac with the limits selected to ensure adequate coverage of the area to allow for mine planning. Blocks were flagged for subsequent estimation by using the wireframes as constraints. All estimation was carried out in Surpac using ordinary kriging with an ellipsoid search. Variogram analysis for the Kriging was completed in Snowden Supervisor software. One set of parameters was used for the estimation of the 0.2g/t model and another set for the 0.5 and 1.0g/t models.

The total Inferred Resource estimate for the Kelly deposit is reported in a series of cut-off grade ranges for the three grade attributes in the Table below:

Model (Au g/t)	Grade Range (Au g/t)	Tonnes	Grade (Au g/t)	Ounces Au
0.2	0.0 – 0.2	15,000	0.185	90
	0.2 - 0.5	3,112,000	0.383	38,320
	0.5 - 1.0	3,940,000	0.687	87,020
	1.0-1.5	694,000	1.184	26,410
	>1.5	118,000	1.976	7,470
	TOTAL	**7,878,000**	**0.629**	**159,320**
0.5	0 - 0.5	7,000	0.432	100
	0.5 - 0.75	413,000	0.664	8,820
	0.75 - 1.0	843,000	0.883	23,930
	1.0 - 1.5	965,000	1.192	36,990
	1.5 - 2.0	151,000	1.657	8,060
	>2.0	32,000	2.5	2,540
	TOTAL	**2,412,000**	**1.037**	**80,410**
1.0	0.0 - 1.0	35,000	0.856	970
	1.0 - 1.5	277,000	1.311	11,670
	1.5 - 2.0	324,000	1.716	17,860
	2.0 - 3.0	122,000	2.323	9,110
	3.0 - 5.0	36,000	3.598	4,210
	>5.0	400	5.297	70
	TOTAL	**795,000**	**1.718**	**43,900**

The Company has adopted the 0.5g/t cut-off as the most appropriate for Kelly having considered the nature of the material and commonly adopted practice.

Project Description

Kelly Prospect ("Kelly") gold deposit is located near Leonora, 230km North of Kalgoorlie in Western Australia. The Kelly Prospect is one part of Redcliffe's 100% owned Redcliffe Project and is located within two mining leases; M37/1276 and M37/1295.

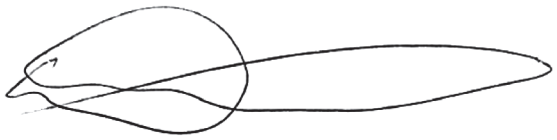
The Redcliffe Project covers a substantial strike length of the Mertondale Shear Zone, a north-south trending structure that is interpreted to be a link structure between the northwest-southeast trending Keith-Kilkenny and Celia Tectonic Zones. The host rocks for the Kelly deposit are a heavily sheared felsic sequence with mylonitised felsic and intermediate granophyric intrusives associated with the Mertondale Fault, along the eastern edge of the shear zone.

The gold mineralisation of Kelly has been interpreted to be comprised of a large number of stacked parallel lodes, moderately dipping to the east. The mineralised zone is approximately 150 metres wide in plan-view and strikes for approximately 1 km just east of north. Additionally it exhibits a slight, approximate 10 degree plunge toward 010. These primary lodes do not appear to be controlled or constrained by the lithological units, nor the weathering profile and are therefore assumed to be structurally emplaced via brittle deformation events

Development Approach

Considering the issues facing the Company in seeking to advance the Golden Terrace South deposit, the directors are reviewing available options in pursuing Redcliffe mine development. With the advancement of the Kelly prospect and nature of mineralisation associated with this prospect options being considered include processing options that include heap leach processing.

The Company is currently reviewing proposals from consultants who will assist in this process. If the outcome of the scoping work is positive it will lay the foundation for the development of an independent gold production facility potentially capable of processing the multi- million tonne gold mineralisation at Kelly.



Mark Maine

Executive Director

Competent Persons Statement:

The information in this report, as it relates to Exploration Results and Resource Estimates, is based on information compiled and/or reviewed by Rodney Foster who is a Member of the Australasian Institute of Mining and Metallurgy. Rodney Foster is the CEO/Chairman of the Company. He 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 of Reporting of Exploration Results", Mineral Resources and Ore Reserves". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Information in this report relating to Mineral Resources relating to Kelly, GTS and GTN has been either completed by or reviewed by Andrew Bewsher of BM Geological Services Pty Ltd. Mr Bewsher is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and 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 of Reporting of Exploration Results", Mineral Resources and Ore Reserves". Mr Bewsher consents to the inclusion in the release of the matters based on his information in the form and context in which it appears

Drilling Techniques	Drill type to date is all reverse circulation consisting of 93 holes for 11723 metres., (using face-sampling hammer, a 5 ½" bit, and 4 ½" rods)
Drill Sample Recovery	Chip sample recoveries were assessed visually as consistently good with samples from several holes being weighed and supporting observations. Minimal damp samples were noted in mineralised zones.
Logging	Detailed geological logging was completed, sufficient for this Mineral Resource
Sub-sampling Techniques and Sample Preparation	Drill cuttings were riffle split for each metre and individually bagged. Five metre composite samples were speared from the field residue and fire assayed. Intervals returning results of 0.1 g/t and over, plus zones identified from geological observations had single metre split samples were then fire assayed for gold.
Quality of Assay Data and Laboratory Tests	Samples were generally submitted toKalassay's Ldeonora Assay aboratory Fire Assay to 0.01ppm, duplicates, blanks and standards used showing acceptable accuracy. The frequency and location of QAQC sampling has been identified as having room for improvements.
Location of Data Points	Collar surveys were undertaken by a local contractor using DGPS and downhole via "Flexit"multishot camera and some Eastman single shot.
Data Spacing and Distribution	Drilling was undertaken on traverse spacing of 25, 50 and 100 metres which is considered sufficient for the Inferred Mineral Resource
Orientation of Data in Relation to Geological Structure	All holes were drilled at a nominal declination of 60 degrees from horizontal toward 270 degrees magnetic aiming to effectively intersect mineralised zones. No bias is apparent.
Audits and Reviews	Following review and auditing no data was omitted from the estimation
Database Integrity	By way of review all analytical data was re-entered into the database and a QAQC assessment made by the Company's bureau, Geobase Australia Pty Ltd.
Geological	A geological review was undertaken by consulting geologists Shear Geological Services and BMGS to interpret mineralisation model and provide a geological overview.
Interpretation	Interpretation based on that of the companies, other possible interpretations present. Their impact is unknown, hence the Inferred classification
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 150m wide, 1000m long, 170m deep
Estimation and Modelling Techniques	Surpac'c ordinary kriging estimation used, variography modelled in Snowden Supervisor. PARAMETERS 0.2g/t: distance – 100, nugget - 0.45, bearing - 0. 0.5 and 1.0g/t: distance – 65, nugget – 0.19, bearing – 5.038. Negative samples changed to half of the detection limit. BMGS compared with wireframe volumes and drilling grades for validation.
Moisture	Model based on dry tonnages as assays are based on dry tonnes and sg used are dry estimates.
Cut-off Parameters	Determined from analysis of relative difference, Sichel mean and CV
Mining Factors or Assumptions	Minimum thicknesses of 2m implied in wireframe models to represent achievable mining parameters in open pit environment. No mining dilution factored in resource shapes.
Metallurgical Factors or Assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.
Bulk Density	Assumed from similar local geologies. Completely weathered (2.0 gcm^{-3}), transitional (2.3 gcm^{-3}) and fresh material (2.7 gcm^{-3}). (29 samples from RC chips from depths varying from 3-4m to 99-100m returned determination ranging from 2.72 to 2.94 gcm^{-3}) • Results appear too uniform and require verification