



Redcliffe Gold Project Update

Golden Terrace South Feasibility and Project Execution Plan

Redcliffe Resources Limited (Redcliffe) is proceeding the review of the Golden Terrace South (GTS) deposit feasibility study completed in early 2011.

The GTS Deposit is part of the Company's Redcliffe Gold Project located approximately 40km north east of Leonora in Western Australia's north eastern goldfields. The Feasibility Study determined a minable reserve of 264.5 kt of ore at 2.89 g/t for a gold production of 22,067 ounces, based on an average gold recovery of 90%. The current study will assess an open pit mining operation and processing of gold ore from the deposit on a toll treatment basis.

The 2011 base case for Feasibility Study used a gold price of AUD\$1,350, with assumed mill recoveries based on a metallurgical testwork program. Mining of ore and associated waste material is planned over an eight month period, with ore being extracted from month four onward.

This resulted in the following financial outcomes:


- A Net Cashflow of \$7.22M (based on AUD\$1,350)
- Positive Cashflow in month 7
- ROFE of 45%

The Directors believe that there is likely a justification to mine the deposit based on the following:


- The potential project upsides, including a higher grade and increased gold sell price
- Process recovery factors for certain ore types improved based on subsequent test work
- Increasing geological and mine operational understanding for the region
- The potential for continuation of mining for a number of satellite type deposits in the area within Redcliffe's tenement area in proximity to the GTS deposit
- Alternate treatment facilities for toll treatment of ore are available for evaluation

Overview

GDA94 ZONE51 AUGUST 2012


 Redcliffe Gold Resource Estimates (Ounces)

 Redcliffe Prospects

 Mine (Production)

 Mine / Prospect

 Redcliffe Tenement Area


 Mertondale Shear Zone

 Road

 Track

 Black-Graphitic Shale } Associated with Mertondale Shear Zone

 Quartz-mica schist }

 Fine-coarse grained seds & Felsic volcanic/tuffs

 Felsic - intermediate volcanics, tuff

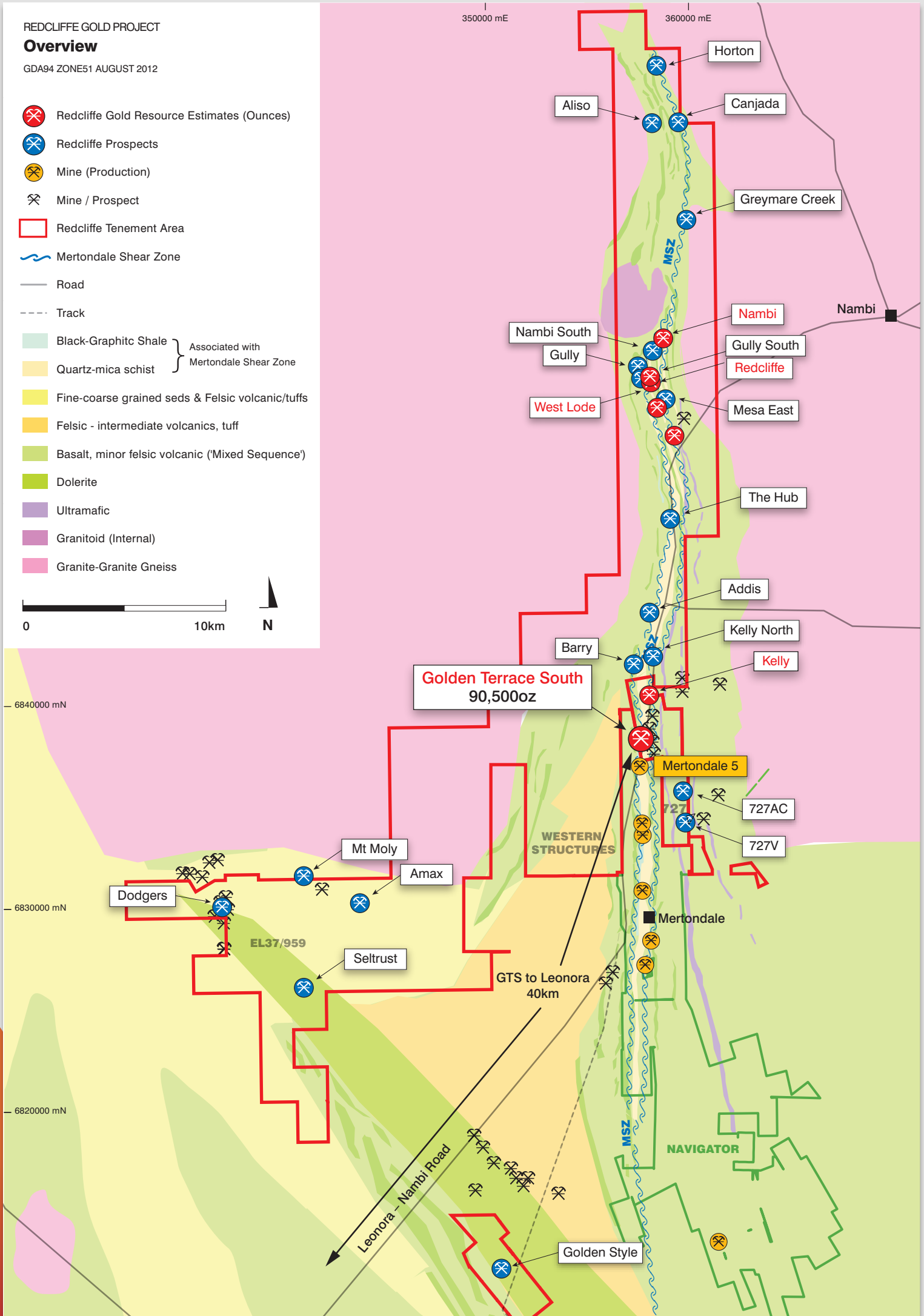
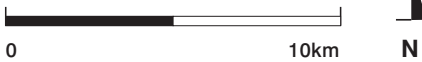
 Basalt, minor felsic volcanic ('Mixed Sequence')

 Dolerite

 Ultramafic

 Granitoid (Internal)

 Granite-Granite Gneiss



Project Execution Plan

The Company is undertaking an update of the feasibility work by way of an Execution Plan with a view to producing gold. This will include a re-examination of treatment and financing options. The Directors, in embarking on this process, are cognisant that the current gold price (circa \$1,650 per oz.) would provide additional revenue of approximately \$6.4m to that estimated under the study. Importantly this is a short term operation with mining estimated to be completed within 8 months from commencement meaning certain time based risks are reduced.

As part of the review the Directors will consider mining strategies that may mitigate the level of working capital required for pre-strip and ore-body and dewatering prior to mining. The maximum cash deficiency level (funding requirement) was estimated, in the 2011 study, at approximately \$4.5m.

During the Feasibility Study the following associated studies were completed which should assist in the facilitation of a timely transition to production:

- An environmental assessment of the GTS deposit was completed by an independent environmental advisory group. This highlighted the following:
 - There are no threatened or high priority plant species within the project area
 - Priority flora species were identified in the southern project section which can be isolated from mining activity
 - A fauna study highlighted that a level 2 study in this area was not required
- A JORC compliant geological resource estimate of the deposit was prepared by geological consultants BGMS using Ordinary Kriging
- The majority of the minable resource lies within oxidised material, with minor amounts of transition and fresh ore. Black shale with up to 10-20% pyrite (not refractory) has been noted above the base of oxidation within the pit outline
- Metallurgical testwork on a composite oxide sample was completed by independent consultants who provided a metallurgical processing cost estimation breakdown based on their testwork as a toll treating cost indication. The work highlighted the following:
 - The oxide ore is relatively soft and hence low crushing power and therefore low costs in this area are expected
 - The calculated head assay was higher than the geological estimate which may present an upside to the project
 - Gold is largely free and is readily liberated
 - High clay levels in the ore will require ore management with regard to moisture content and ore stickiness
 - No preg-robbing material was noted of the oxide composite ore
 - Recovery, when normalised for expected grade, is expected to be around 92% for oxide material
- Geotechnical work included laboratory testwork of specific drill holes, analytical analysis as well as back analysis of the nearby look alike Mertondale 5 pit. Combined information produced recommended wall design slope angles for the pit design, using the assumption of pore water depressurisation by operation of ex pit bores prior to mining (nominally three months)

- The pit optimisation and subsequent mine design was based on a pit shell of AUD \$1,250/ounce together with modifying factors for ore dilution and mining recovery
- Capital and operating costs were based on build-ups determined by consultants. Mining contractor costs were based on a similar recently executed open pit mine and checked against firm tendered mining rates for the planned operation. Ore processing rates were based on the costs determined by independent consultants. These will be reconsidered following discussions with potential treatment facilities
- Firm contract rates were received for open pit load and haul as well as drill and blast
- Ore haulage costs were based on a combination of haulage to the two separate plants within the region plant

The Company initially delayed a decision to proceed with development primarily by reason that at the commencement of the Feasibility Study a strong indication was provided by the preferred mill that they would be able to toll treat the Golden Terrace South ore. As the Feasibility Study progressed the owner of the mill advised that they had no spare capacity for any toll treating in the near future. As a result, progress towards mining of the Golden Terrace South deposit was put on hold pending confirmation of an acceptable toll treating arrangement. An update of the Study is therefore warranted.

Other considerations

The following points post the Feasibility Study should be noted:

- Testwork on ore transitional and fresh within carbonaceous material has concluded that loss of processing recovery from preg robbing would be minimal. This outcome represents an upside to the Feasibility Study which assumed low recoveries for these ore types
- There was a large discrepancy between the Met testwork calculated composite grade (2.79g/t) compared to the Met testwork achieved assay (4.46g/t). This variance may be due to a nuggetty gold effect and as such may represent an upside to the project. Such a positive reconciliation potential will mean careful consideration to toll treating approach to ensure that such upsides are not lost
- The Feasibility Study was based on a gold price of A\$1,350/ounce and a Whittle shell of A\$1,250/ounce
- A Mining Proposal, clearing permit application and Dangerous Goods documents were completed post the Feasibility Study
- The key project risks are as follows:
 - Confirmation of a toll treating arrangement
 - Availability of satisfactory financing arrangements
 - Mining contractor confirmation and availability
 - Securing a drill contractor to establish pre mining dewatering
 - Timing for approval for statutory documents, including the Mining proposal and Clearing permit
 - Final heritage survey clearance of mine site (Regional clearance completed)

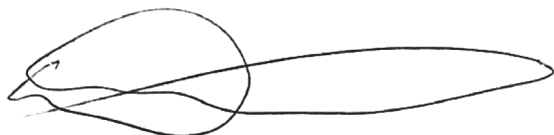
Of particular importance in determining a milling approach is the positive reconciliation between assay grade and actual metal recovery shown testwork. This positive reconciliation was also evident in mining and processing recently undertaken at a proximate pit to GTS. As a result the Company believes that financial benefits may arise under a batching rather than blending processing strategy.

Future Developments

Redcliffe will complete the Project Execution Plan and review project financing alternatives. While the project life is short, forecasting indicates that on the current plan it will become cash flow positive in month 7. The Company will undertake evaluation of the potential for reducing this cash deficit period through alternate mining approaches provided they do not materially adversely impact the projected profitability of the GTS development plan.

A review will be also undertaken on the potential for development of the high grade, near surface 727 Prospect in conjunction with the mining of GTS. The size of this deposit, while small, may potentially contribute to cash flow during the GTS mining phase.

The Company will advise the market as to significant developments during the Project Execution Plan process.



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 for 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 it appears.

Forward looking Statement

All statements other than statements of historical fact included in the announcement, without limitation, statements regarding the future plans and objectives of Redcliffe Resources Limited are forward looking statements. When used in this announcement, forward looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'projected' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Redcliffe Resources Limited, that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affecting the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Golden Terrace South (GTS) Resource Estimate

DEPOSIT	CLASSIFICATION	TONNES	AU (G/T)	AU (OZ)
Golden Terrace South (GTS)	Indicated	707,000	2.46	56,100
	Inferred	684,000	1.56	34,400
	TOTAL	1,390,000	2.02	90,500

Note - Figures may not sum correctly due to rounding. A top cut of 25 grams per tonne gold and 15 grams per tonne gold applied to the primary and supergene domains respectively to reduce grade variability.