

RX Exploration Announces Exploration Results at 100% owned Drumlummon Mine

Toronto, Ontario, December 21, 2011 – RX Exploration Inc. (the “Company” or “RXE”) (TSX VENTURE: RXE, OTCQX: RXEXF) is pleased to update shareholders on its exploration results and on-going exploration strategy. Since the previous exploration press release in May 2011 approximately 48,000 feet have been drilled in 185 holes. In mid-August 2011, the RXE Board of Directors approved a US \$3.5 million underground and surface exploration plan for the Drumlummon Mine (the “Mine”). Due to a lack of power for an additional drill, just over US \$2 million was spent over this period. The Mine and surrounding claims have been largely unexplored for the last 100 years, and as such have never benefitted from basic modern exploration techniques.

Darren Blasutti, President and CEO of RXE stated, “We started a new drilling campaign in August of this year and we are extremely pleased with the results we’ve seen so far. The exploration team, led by Jim Atkinson, has already outlined two new areas of expected mineable grade ore in the Drumlummon Mine. Several exciting targets, all on RXE ground, have been identified within close proximity of the Mine. These discoveries give us great confidence in our ability to identify new veins and new ore zones in 2012 and beyond.”

Highlights

Underground Drilling (approximately 36,375 feet)

Ore zones have been outlined in the Charly, the D Block, D Block South of the Drumlummon, and the Xmas vein. These zones will be the basis of the gold and silver resources calculation in the upcoming NI 43-101 resource estimate. Further, detailed underground drilling in the Drumlummon vein (Pixley and Empire areas) has focused on locating ore grade gold and silver left behind by previous mining which has supported test mining over the last five months. Below are recent examples of intersections from the Charly, DBlock, Drumlummon, Empire, North Star and Xmas veins which show high grade assays, significant thickness and multiple intersections in a single vein. All drilling results are available on the Company’s website.

Charly vein	Hole number	Footage	Total	Au Oz./ T	Ag Oz. /T
	DDH11-376	152-164'	12'	0.185	2.25
	DDH11-376	174-184'	10'	0.258	3.98
	DDH11-490	322-326'	6'	0.325	0.48
	DDH11-379	170-194'	24'	0.189	1.47
	DDH11-379	202-204'	2'	0.124	6.26
	DDH11-379	232-238'	6'	0.57	57.88
	DDH11-390	202-226'	24'	0.337	1.59
	DDH11-489	317-323'	6'	0.121	0.5
	DDH11-490	296-304'	8'	0.133	0.23
	DDH11-490	308-312'	4'	0.109	0.16
D Block	DDH11-404	113-115'	2'	0.762	1.4
	DDH11-404	133-139'	6'	0.151	1.08
	DDH11-405	106-110'	4'	0.267	1.38

Drumlummon vein	DDH11-423	114-138'	24'	1.336	1.41
	DDH11-424	34-38'	4'	0.132	0.58
	DDH11-425	111-113'	4'	0.103	0.41
	DDH11-428	32-52'	20'	0.113	0.36
	DDH11-457	66-96'	30'	0.303	1.52
	DDH11-458	10-14'	4'	2.216	12.185
	DDH11-458	16-22'	6'	0.522	1.42
	DDH11-458	34-36	2'	0.044	1.36
	DDH11-458	44-50	6'	0.769	1.35
Empire vein	DDH11-365	38-48'	10'	0.214	0.57
	DDH11-366	62-78'	16'	0.179	0.43
	DDH11-385	254-258'	4'	0.335	1.52
	DDH11-386	130-132'	2'	0.824	1.18
	DDH11-386	220-222'	2'	0.102	0.26
	DDH11-386	243-249'	6'	0.195	1.1
	DDH11-388	127-129'	2'	0.166	0.45
	DDH11-388	243-255'	12'	0.586	1.24
Xmas vein	DDH11-496	262-264'	2'	0.606	0.67
	DDH11-496	331-339'	8'	0.76	1.24
	DDH11-496	400-410'	10'	0.204	0.26
Xmas/Drumlummon	DDH11-396	123-125'	2'	0.17	1.33
	DDH11-396	188-196'	8'	0.182	2.38

Surface Drilling (approximately 11,360 Feet)

Surface drilling has discovered new ore zones in the North Star vein and a new zone of mineralization in the footwall of the Drumlummon vein. Drilling was initiated at the 9 Hour workings but quickly abandoned due to poor ground conditions and inclement weather. This will be an area of focus and followed up from underground in calendar year 2012. Below are recent examples of intersections from the North Star vein and Drumlummon Footwall which will not be included in the upcoming NI 43-101 resource estimate.

Northstar vein	Hole Number	Footage	Total	Au Oz./T	Ag Ox./T
	DDH11-394	374-376'	2'	0.01	1.92
	DDH11-394	869-873	4'	0.502	0.55
	DDH11-394	1014-1016'	2'	0.308	0.51
	RXS11-11	460-462'	2'	0.2	1.22
	RXS11-13	517-529'	14'	0.158	0.32
	RXS11-15	96-100'	4'	0.264	0.27
	RXS11-15	280-282'	2'	1.312	0.32
	RXS11-09	808-832'	24'	0.225	0.56
	DDH-08-002	161-167'	6'	0.299	0.3
	SDDH-08-007	479-483'	4	0.292	0.76
Drumlummon FW	RXS11-04	798-811'	13'	0.605	0.6

Soil Sampling and Property Acquisition

Soil samples were collected every 100 feet along lines spaced 1200 feet apart on RXE claims adjacent to the Drumlummon Mine. A total of 850 samples were obtained with anomalous results for gold ranging up to 2.45 ppm while large areas of gold, silver, antimony, copper and mercury anomalies were also encountered. Staking has expanded the number of claims to 230 and the Company has optioned a number of additional claims in the area west of the Drumlummon mine and north of Bald Butte.

NI 43-101 Resource Estimate

The new NI 43-101 compliant resource estimate remains on track for release in Q1, 2012. During the past five months:

- 1) AMEC Consultants completed an audit of exploration procedures and operations;
- 2) Dr. Barry Smee completed an independent audit of the Company's assay lab; and
- 3) The current NI 43-101 resource estimate and technical report was initiated by Wardrop (Tetra Tech).

Drilling Results

Underground Drilling

The exploration drilling program at the Drumlummon Mine used two surface drills, one large and one smaller underground drill ([complete assay table](#)). Over 93,000 feet have been completed year-to-date with roughly 48,000 feet completed since the May 2011 press release ([drilling information completed to date](#)). While the larger drills have been focused on exploration and delineation drilling, the smaller CP65 drill has been assisting the operations staff to identify and define areas underground for mining.

Since August 2011, underground drilling was focused on the Charly vein to produce enough data at sufficient drill spacing to allow the completion of a NI 43-101 resource estimate and to provide information for block modelling and mine planning. The drilling program has now been completed and the data has been relayed to RXE's consultant, Dr. Robert Morrison of Wardrop, who is preparing the NI 43-101 resource estimate. Dr. Morrison completed a site visit and initial data review in early November. Preliminary results of solids modelling have been completed ([ore zone solids](#)).

Further drilling was focused on the Drumlummon and Empire veins. Ore was discovered in the southern parts of Empire vein in proximity to the Drumlummon vein. Test mining is on-going in this area. Within the Drumlummon vein, exploration near previously mined areas to investigate ore grade material left behind by previous operators was successful. Ore was identified in several pillars and in one large area called the D Block ([Drumlummon longitudinal and D Block intersections](#)). Computer modelling is being used to develop ore blocks for mining and resource calculations in the D Block for extraction in 2012.

Drilling also revealed economic grade ore in the Xmas and St. Louis veins that will be followed up with further exploration drilling in 2012.

Currently, underground drilling is focused on the Castletown vein which is close to the newly constructed decline, allowing easy access for mining as sufficient ore is outlined.

Surface Drilling

Surface drilling discovered a new zone of mineralization in the footwall of the Drumlummon workings which may be related to the St. Louis vein further to the south. The drill testing of this area continues currently from underground.

Further surface drilling was concentrated on the North Star vein where a dozen or so drill holes have intersected ore grade gold mineralization at shallow depth ([longitudinal section of North Star vein](#)) between the 400 and 700 Level (see highlight drill results in Highlights Section). Additional drilling was planned but the program delayed due to the onset of winter weather. The Company is expecting to access the area of interest from existing underground workings. This will be included in the 2012 exploration budget.

Soil Sampling

During the late summer and fall, the Company completed a soil sampling program in the area to the southwest of the Drumlummon Mine ([complete sample locations](#)). Samples of soil material were collected every 100 feet (30.5m) along lines spaced 1200 feet (365m) apart. A total of 850 samples were obtained and submitted for analysis at ALS Laboratories for a series of indicator metals along with gold, silver and base metals.

The results of the surface soil sampling program have been returned and the compilation of the results are continuing with significant anomalous values for silver, gold, and indicator metals being compiled for inclusion in the Company's GIS database. Anomalous results for gold range up to 2.45 g/t while large areas of silver, antimony, copper and mercury anomalies were also encountered ([complete soil results - nine maps](#)). Certain soil anomalous values detected to date have been correlated with known mineralized veins but there are several anomalies that have no known veins associated with them. These will be targets for follow-up in the 2012 exploration plan. An area of particular interest is a large anomaly for gold, silver and indicator metals along the strike to the northeast of the Drumlummon Mine. This area has only been briefly explored and mineralized quartz veins have been discovered but the onset of winter conditions have hampered detailed follow-up.

Subsequent work in the areas of greatest anomalous values will consist of additional soil sampling, prospecting and geological mapping followed by trenching and drilling, if warranted.

Property Acquisition

RXE has expanded the property ownership in the Drumlummon Mine/Marysville area through staking and entering into option agreements. Staking has expanded the number of claims to 230 and in addition, the Company has optioned a group of claims in the area west of the Drumlummon Mine and north of Bald Butte called the Penobscot Extension. The claims are in the area of the former gold producing Penobscot Mine. The area does not have good bedrock exposure and has not been the subject of detailed exploration in the past. The property is of interest not only for its proximity to the former producer but also because former soil sampling had identified gold anomalies in this area.

The Company is negotiating with several other property owners in the Marysville area who have mining claims and reviewing opportunities in other areas of Montana and beyond.

Geological Mapping

RXE crews have completed a detailed geological map of the Drumlummon mine area to assist in the understanding of ore controls at the Mine and in the area ([geology map](#)). The relationship of the Drumlummon vein to the contact between the Marysville Pluton and the surrounding sedimentary rocks is obvious but there are known veins at the Drumlummon Mine and elsewhere which are either completely within the intrusive or completely within the sedimentary units. Significantly, the geological mapping identified two new intrusives in an area which had not been previously detailed. Ongoing geological research is being completed to identify if these are younger intrusives or part of the known Marysville Pluton. The geological work will need to be expanded this upcoming summer to cover areas of anomalous soil values and to further understand and define the structural controls in the area of the Mine.

The Company has commissioned a study of the fluid inclusions in various veins at the Drumlummon Mine in an attempt to identify any zoning of the mineralization. The results of this study will assist in determining the potential depth extent of the mineralization and will be useful to identify if known or newly discovered veins have potential at greater depth or along strike.

2012 Exploration Plan

The 2012 exploration program and corresponding budget (to be approved in January 2012) will also include underground and surface diamond drilling, follow-up soil sampling, trenching, geological mapping and sampling, and an airborne survey.

Underground drilling is expected to be focused on the area of RXE ground between the Drumlummon and 9-Hour workings formerly known as "The Contested Ground". Very little exploration has ever been carried out in this area as it was the subject of an extended historic court battle between the former owners in the late 1800's. RXE plans to rehabilitate the 400 Level of the Drumlummon which extends into this area and use that as a platform to drill from underground. Since the area is over 1500 feet in length, it is anticipated that between 40 and 50 holes will be required to properly explore the area from the surface to the 700 foot level. Other areas of potential for exploration from underground include the Jubilee area of the Drumlummon vein, the Northstar vein, the northern extension of the Drumlummon vein, the Castletown vein and other areas of interest which are identified.

Surface drilling will be focused on the 9-Hour workings, the northern and southern extensions of the Drumlummon vein, and the shallow extensions of other known veins. There will be drilling on the Penobscot Extension property and on other properties which are in the process of being acquired.

The soil geochemical anomalies detected in the 2011 program will be followed-up with detailed sampling, trenching and drilling as appropriate. In addition, the soil sampling grid will be extended to the north of the Drumlummon Mine to further explore the area of anomalous gold and indicator metals found in that area.

RXE will conduct an area-wide airborne survey which will include magnetic, electromagnetic and spectroscopic methods. These types of surveys will assist in the geological interpretation of the area and assist in "connecting" known and newly discovered veins.

Qualified Person and Quality Assurance

The exploration drill results disclosed in this press release were approved by Jim Atkinson, the Vice President, Exploration of the Company and a Qualified Person in accordance with NI 43-101.

Cautionary Statement Regarding Forward Looking Information

This press release contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information includes, but is not limited to, the Company’s expectations, intentions, plans, and beliefs with respect to, among other things, the Drumlummon property. Often, but not always, forward-looking information can be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may”, and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions, or statements about future events or performance. Forward-looking information is based on the opinions and estimates of the Company as of the date such information is provided and is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward looking information. This includes the ability to develop and operate the Drumlummon property, risks associated with the mining industry such as economic factors (including future commodity prices, currency fluctuations and energy prices), failure of plant, equipment, processes and transportation services to operate as anticipated, environmental risks, government regulation, actual results of current exploration activities, possible variations in ore grade or recovery rates, permitting timelines, capital expenditures, reclamation activities, social and political developments and other risks of the mining industry. Although RXE has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. Readers are cautioned not to place undue reliance on such information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, and projections of various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

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On Behalf of the Board

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