



2 July 2014

ASX Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

ACQUISITION OF ADDITIONAL TRAVEL BUSINESS

OVERVIEW

Red Gum Resources Limited (ASX : RGX; “**Red Gum**” or “the **Company**”) is pleased to announce it proposes to acquire a third travel business – having now signed a binding Heads of Agreement (**Agreement**) to acquire Perth based Motive Travel. The consolidated annual turnover of the 3 travel businesses proposed to become The Australian Travel Group was over \$85 million for FY 2013. Motive Travel is one of Western Australia’s most respected travel companies, specialising in the luxury, group and corporate travel sectors. This acquisition enhances the Company’s proposed acquisitions of **Asia Escape** and **Holiday Planet** as previously announced.

HIGHLIGHTS

- This acquisition, together with the acquisition of Holiday Planet and Asia Escape once approved by shareholders, will create the largest independent, internet travel and leisure company based in Western Australia (**The Australian Travel Group**).
- The combined annual turnover of the 3 travel businesses is over \$85 million (based on the latest FY 2013 figures of Holiday Planet, Asia Escape and Motive Travel).
- Established for over 27 years, Motive Travel is a profitable organization owned and managed by George Michalczyk, who will join the senior management team of the proposed Australian Travel Group.
- The acquisition is expected to strengthen the Group’s corporate and special interest group travel sectors.

The acquisition of Motive Travel will be contemporaneous with the Holiday Planet and Asia Escape acquisitions, announced in June 2014, subject to the relevant regulatory and shareholder approvals.

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As previously announced a Prospectus will be lodged as part of the Company's proposed relisting as "The Australian Travel Group Limited", together with a capital raising. Settlement of the Motive Travel acquisition is subject to the satisfaction of a number of conditions under the Agreement.

TRANSACTION SUMMARY

The purchase price for Motive Travel is \$2 million which represents 4 times Motive Travel's anticipated EBITDA figures for the 12 months post settlement based on Motive Travel's EBITDA figures for FY 2013. The acquisition consideration will consist of \$1.0 million in Australian Travel Group Limited shares and \$1.0 million cash following relisting in August 2014.

Alan Dodson, incoming Chairman of the proposed Australian Travel Group, said he was delighted that such a reputable travel industry identity as George Michalczyk had chosen to join the Australian Travel Group, and commented that the specialist expertise offered by Motive Travel will complement the businesses of Asia Escape and Holiday Planet.

Full details in respect of Motive Travel and the transaction generally will be contained in the Notice of Meeting and Independent Expert's Report which will be sent to all shareholders in the coming weeks.

*** Ends***

For further information please contact:

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