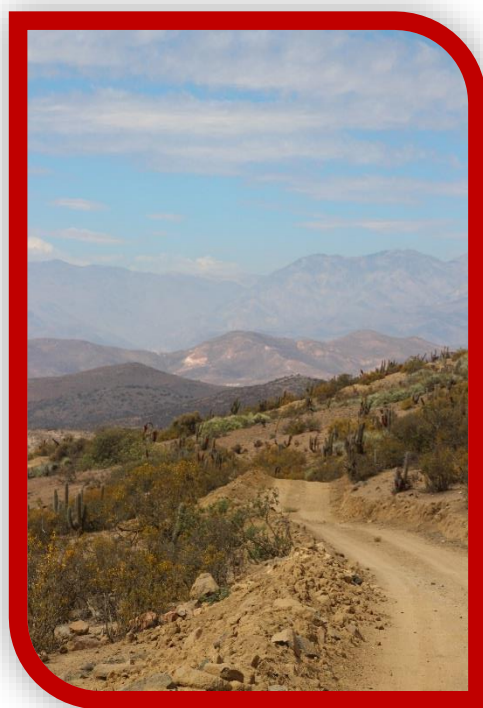




Appendix 5B – June 30, 2014





HIGHLIGHTS

- Successful capital raisings provide strong funding position to assess new business opportunities and execute new business strategy.
- Significant progress with finalising proposed change of business, with Heads of Agreements signed for the acquisition of three independent WA based, reputable tourism entities (all subject to shareholder and regulatory approvals and due diligence). Share Sale Agreement finalised with one entity after the Reporting Period, and Share Sale Agreements close to finalisation with the other two entities.
- Company commences regulatory process for relisting, which is required to implement these acquisitions and allow the Company to move into the e-platform leisure and travel industry.
- Corporate administration expenditures concerning core mining exploration activities minimised.
- Expenditures and overheads on previous core mining exploration activities reduced and 100% owned mining assets secured in good standing.

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Table of Contents

HIGHLIGHTS	1
ACTIVITY REVIEW	3
CORPORATE AND FINANCIAL	4
Appendix 5B	9
Mining exploration entity and oil and gas exploration entity quarterly report	9
Consolidated statement of cash flows.....	9
Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities	10
Non-cash financing and investing activities.....	11
Financing facilities available.....	11
Estimated cash outflows for next quarter	11
Reconciliation of cash	12
Changes in interests in mining tenements and petroleum tenements	12
Issued and quoted securities at end of current quarter	12
Compliance statement	14
Notes	14



ACTIVITY REVIEW

Activity during the Reporting Period was dominated by corporate activity to consolidate the Company's financial position, and to ensure that it was well placed to take advantage of new business opportunities. This was consistent with the Company's previously announced intention to review alternate opportunities, and shift focus from its core exploration mining activities. This culminated on 4 June 2014 with an announcement that Red Gum had signed a binding Heads of Agreement with Perth based Holiday Planet Pty Ltd, as part of a strategy to move into the e-platform leisure and tourism industry. This was followed on 17 June 2014 with a further announcement that, following the signing of a similar Heads of Agreement, the Company was to acquire Asia Escape Holidays. Subsequently, a third acquisition, of Motive Travel, was announced on 2 July 2014. In each case completion is subject to shareholder and regulatory approvals, as well as successful completion of due diligence and certain conditions precedent.

As announced to the market on 4 June 2014, the proposed acquisition of Holiday Planet provides the Company with a solid foundation to further aggregate the segmented travel industry, to target scale and efficiencies. As part of the intended acquisition, the Company will undertake a capital raising, and seek to relist the Company. Under the terms of the Heads of Agreement, Red Gum will acquire 100% of the issued share capital in Holiday Planet for a consideration, on a post-consolidation basis, of 18,750,000 fully paid ordinary shares in the capital of Red Gum, at a deemed issue price of \$0.20 each, to Holiday Planet Shareholders, together with a cash consideration of \$1,000,000. The announcement also outlined a number of conditions precedent, which need to be met before settlement can occur, including approval from Red Gum's shareholders.

On 17 June 2014 Red Gum announced that it had signed a similar Heads of Agreement to acquire 100% of the issued capital of Keygate Holdings Pty Ltd, trading as Asia Escape Holidays. Also located in Perth, Asia Escape Holidays is one of Australia's largest privately owned travel wholesalers, with a focus on destinations throughout Asia and the Indian Ocean rim. Under the terms of the Heads of Agreement Red Gum will acquire 100% of the issued share capital of Asia Escape Holidays for a consideration, on a post-consolidation basis, of 10,000,000 fully paid ordinary shares in the capital of Red Gum, at a deemed issue price of \$0.20 each, together with a cash consideration of \$1,500,000. Again settlement is subject to satisfaction of a number of conditions under the Agreement, including, without limitation, settlement of the Company's acquisition of Holiday Planet, and shareholder approval.

After the Reporting Period, the Company entered into a similar Heads of Agreement to acquire a third entity, Motive Travel, as outlined in a further announcement on 2 July 2014. Motive Travel and Asia Escape, once aggregated with Holiday Planet, will form the largest WA based independent, e-platform leisure and tourism group.

The Company is currently preparing the necessary documents for shareholders, seeking shareholder approval to proceed with these acquisitions and change the focus of the Company.

Operationally the Company's mining related field activities remained on hold. Non-essential exploration related activities in Chile and Peru were curtailed or suspended, and concurrently operational and administrative overheads were reviewed and reduced where practicable.

The relocation and consolidation of the former Combarbala operations back to Santiago was completed during the Reporting Period, following the Company's withdrawal from the original farmin arrangements with the concession holders of the Majada project, as previously announced. However, the Board decided that Red Gum's 100% owned concessions, at Cerro Huancash, Chongos and La Negra, should remain in good standing, given that they represent significant potential opportunity, once sentiment in the commodity sector improves.

Safety and the Environment

During the Reporting Period there were no safety, or environmental, issues reported. No field activities were undertaken during this period by the Company.

CORPORATE AND FINANCIAL

During the Reporting Period the Board focussed its efforts on assessing new business opportunities, as well as putting in place sufficient funding so that the Company would be well positioned to take advantage of such opportunities as and when they arose. As outlined below there were a number of capital raisings, and an EGM at which shareholders were asked to approve a number of capital raising and other administrative related resolutions.

■ Securities issued:

- On 28 April 2014 an Appendix 3B was lodged with the ASX, noting the issue of 40,000,000 Underwriter's options. This was related to the previous raising (as announced to the market on 10 March 2014) of approximately \$582,022 in accordance with a fully underwritten renounceable rights issue of 194,007,468 ordinary shares, at \$0.003 each, and 48,501,867 free attaching options exercisable at \$0.01 each and expiring on 15 November 2017. Under the terms of the mandate agreement with DJ Carmichael, the Company issued the 40,000,000 Options at a consideration of \$0.00001 each, exercisable at \$0.01 each and expiring on 15 November 2017.

- On 29 April 2014 an Appendix 3B was lodged with the ASX, noting the issue of 176,654,220 ordinary shares at \$0.003 each, and 44,631,109 free attaching options exercisable at \$0.01 each and expiring on 15 November 2017. The number of options included the issue of 467,554 attaching options relating to a prior placement, both approved by shareholders at an EGM held on 28 April 2014.
- On 23 May 2014 an Appendix 3B was lodged with the ASX, following the raising of approximately \$1.2 million through the issue of 200,000,000 ordinary shares at a price of \$0.006 each and 16,867,018 Broker options exercisable at \$0.01 each and expiring on 15 November 2017, via a placement.
- On 10 June 2014 an Appendix 3B was lodged with the ASX, noting the issue of 132,000,000 ordinary shares (comprising 62,000,000 under ASX LR 7.1 and 70,000,000 under ASX LR 7.1A) at \$0.008 each and 26,000,000 Broker Options, at no consideration, exercisable at \$0.01 each and expiring on 15 November 2017.

■ **Options Cancelled**

On 10 June 2014 the Company announced that it had cancelled 1,000,000 unquoted options (ASX : RGXAY) which were exercisable at \$0.25 each and expired on 9 June 2014.



▪ **Convertible Loans converted into shares**

As announced to the ASX on 23 February 2014 and 3 March 2014, Red Gum entered into a number of Convertible Loan Agreements (“Agreements”) with clients of DJ Carmichael, to borrow an aggregate of \$530,000 (“Loans”).

Subsequently on 29 April 2014 the Company announced that the Loans were converted into 176,654,220 Ordinary Shares and 44,163,555 RGXOA Options, following shareholder approval at an EGM held on 28 April 2014. The Loans were converted into fully paid ordinary shares in Red Gum at the conversion price of \$0.003 per share. For each 4 shares issued, Red Gum also issued one free option exercisable at \$0.01 per share on or before 15 November 2017. This conversion fully satisfied the Loans and the Company has no further obligations concerning the Loans.

The Capital Structure of the Company as at 30 June 2014:

Number	Class
832,000,000	Ord excl restricted
61,234,053	Quoted options RGXO Ex \$0.10 exp 1/03/2016
176,000,000	Quoted options RGXOA Ex \$0.01 exp 15/11/2017
5,000,000	Unquoted options RGXAK Ex\$0.15 exp 30/04/2016

▪ **Notice of Extraordinary General Meeting ("EGM")**

The Company held an EGM on 28 April 2014 which sought shareholder approval of a number of resolutions involving approval of the conversion of the Loans, as well as approval for future additional, and two prior, placements. All resolutions were passed unanimously by a show of hands, and the results lodged on the ASX on 28 April 2014 following the meeting.

▪ **Changes in Board Composition**

There were no changes in the Board Composition during the Reporting Period.

Subsequent Events

On 2 July 2014 the Company announced, in lifting a trading halt sought on 30 June 2014, that it had entered into a binding Heads of Agreement to acquire the Motive Travel business.

On 9 July 2014 the Company announced that it had signed a Share Sale Agreement to acquire all of the issued capital of Holiday Planet, as contemplated in the Heads of Agreement as announced on 4 June 2014.

On 22 July 2014 a substantial shareholder notice was lodged on behalf of interests held by Dead Knick Pty Ltd.

Reconciliation of expenditure

This is the fourth quarterly report for Red Gum Resources Limited for the year ending 30 June 2014.

Exploration and evaluation

The estimated exploration and evaluation expenditure cash flows amounted to \$72,000 compared to actual expenditure of \$99,000. The increase in actual expenditure was due to annual project tax costs being paid in June 2014.

Administration

The estimated administration and other fees expenditure cash flows included in the previous reporting period amounted to \$153,000, compared to actual expenditure which amounted to \$554,000. The increase in actual expenditure was due to legal, broker and consultants' fees of \$280,000, a significant component of which included Lead Manager fees and broker/underwriter commissions paid to DJ Carmichael, under the terms of various capital raising mandates agreed with the Company.

Cash at the end of the Quarter

Cash at 30 June 2014 amounted to \$2,074,889.

Attached is the Appendix 5B Consolidated Statement of Cash Flows for the period from 1 April 2014 to 30 June 2014.



Raymond D Shaw
Executive Chairman
B.Sc (Hons), Ph.D, Member of AusIMM,

ASX Listing Rule 5.3.3 tenement details

Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Cerro Huancash Peru	See below a)	100%	100%
Chongos A Peru	See below a)	100%	100%
Chongos B Peru	See below a)	100%	100%
Chongos C Peru	See below a)	100%	100%
La Negra Chile	See below b)	100%	100%
Majada Chile	See below c)	See c)	See c)

Nature of Interest - Notes

- a) The Company through its wholly owned subsidiary, Red Gum Resources (Peru) Pty Ltd holds 99.99% of the shares in the Central Peru Resources ("CPR"), which in turn holds 100% of the four Peruvian Projects.
- b) In 2012 Red Gum exercised its option to acquire the 100% interest in the La Negra Project which was registered on a 100% basis on 19 July 2012.
- c) In March 2014 the Company notified each of the individual nine concession holders that it intended to give notice of its intention to withdraw from the Option Agreements entered into in March 2013. That agreement provided that by making staged, six monthly, optional payments totalling 679.5 million Chilean pesos (A\$ 1.44 million at the then exchange rate) to the owners over a 3 year period from the date of signature, the Company could earn a 100% interest. After withdrawing from those agreements the Company no longer has any financial obligations concerning the Project, nor the right to earn any interests. During the Reporting Period the Company sought to renegotiate terms with the concession holders. These negotiations have been put on hold, given the shift of focus of the Company's activities.

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

RED GUM RESOURCES LIMITED

Quarter ended ("current quarter")

ABN

66 119 641 986

30 JUNE 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(99)	(793)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(312)	(952)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	4
1.5	Interest and other costs of finance paid	(9)	(9)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) – consulting fees	(242)	(333)
Net Operating Cash Flows		(661)	(2,083)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.13 Total operating and investing cash flows (carried forward)	(661)	(2,083)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	2,838	3,144
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings - convertible loan	-	530
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	(203)	(287)
Net financing cash flows	2,635	3,387
Net increase (decrease) in cash held	1,974	1,304
1.20 Cash at beginning of quarter/year to date	101	771
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	2,075	2,075

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	54
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Cash payment in respect of directors' gross remuneration and fees.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the period the \$529,963 convertible loan was converted into 176,654,220 shares.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities <i>Convertible loans were converted into shares in April 2014.</i>	Nil	530
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	13
4.2 Development	-
4.3 Production	-
4.4 Administration	583
Total	596

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	2,075	101
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		2,075	101

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Majada	see (1)	100%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	n/a	n/a	n/a

(1) In March 2014 the Company notified each of the individual nine concession holders that it intended to give notice of its intention to withdraw from the Option Agreements entered into in March 2013. That agreement provided that by making staged, six monthly, optional payments totalling 679.5 million Chilean pesos (A\$ 1.44 million at the then exchange rate) to the owners over a 3 year period from the date of signature the Company could earn a 100% interest. After withdrawing from those agreements the Company no longer has any financial obligations concerning the Project, nor the right to earn any interests. During the Reporting Period the Company sought to renegotiate terms with the concession holders. These negotiations have been put on hold, given the shift of focus of the Company's activities.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	Nil	Nil		

+ See chapter 19 for defined terms.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3	*Ordinary securities	832,000,000	832,000,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	194,007,468 200,000,000 132,000,000	19,4061,3 200,000,000 132,000,000	\$0.003 \$0.006 \$0.008	\$0.003 \$0.006 \$0.008
7.5	*Convertible debt securities Convertible loan	176,654,220 See (1)	176,654,220	\$0.003	\$0.003
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	See (1)	Nil		(1) On 29 April 2014 \$529,963 of Convertible Loans issued in February 2014 were converted into 176,654,220 Shares at \$0.003 each and 44,163,555 RGXOA Options.
7.7	Options (description and conversion factor) RGXO RGXAOA RGXAK	61,234,053 176,000,000 5,000,000 <u>242,234,053</u>	61,234,053 176,000,000 Nil <u>237,234,053</u>	<i>Exercise price</i> \$0.10 \$0.01 \$0.15	<i>Expiry date</i> 01/03/2016 15/11/2017 30/06/2016
7.8	Issued during quarter	176,000,000	176,000,000	\$0.01	15/11/2017
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	(1,000,000)	Nil		
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



30 June 2014

Sign here: Date:
(Company secretary)

Mr Malcolm Lucas Smith

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.