



2014

Red Gum Resources Limited
Annual Report 2014
ABN: 66 119 641 986

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- **Successful capital raisings provide strong funding position to assess new business opportunities and execute new business strategy.**
- **Significant progress finalising proposed change of business, with Heads of Agreements and Share Sale Agreements signed for the acquisition of three independent WA based, reputable, tourism entities.**
- **Company commences Shareholder and Regulatory approval processes for acquisition and relisting as it shifts focus to the integrated online leisure and tourism industry.**
- **Expenditures and overheads on previous core mining exploration activities reduced and 100% owned mining assets secured in good-standing.**
- **Minimised corporate administration expenditures concerning core mining exploration activities.**

CHAIRMAN'S STATEMENT



Dear Shareholders,

As Chairman of the Board of Directors I present to you the Company's Annual Report for the year ended 30 June 2014. The year has been challenging for both you, our Shareholders, and your Board. Despite making two mineralisation discoveries in our inaugural drilling at Majada, the overall weakening in our share price continued to a point where it became apparent that, like many other micro-capped junior mineral explorers, the Company's original plans were unlikely to be viable in the prevailing market conditions. The decision to refocus our direction was disappointing given the technical success we had, and the superb working teams and relationships we had formed with professionals and contractors in both Peru and Chile.

This led us to critically review all available options, during the first quarter of 2014. As a result of this I am pleased to report that the Company now anticipates that it will be able to regrow shareholder value, subject to various approvals, as it seeks to become a significant force, initially in the Western Australian based leisure and tourism sectors, through the acquisition of Holiday Planet, Asia Escape Holidays and Motive Travel ("the Transaction").

With this process in train the Board acted decisively to put on hold all of the Company's mining related field activities, with all non-essential exploration related activities in Chile and Peru curtailed or suspended. Concurrently, where possible, operational and administrative overheads were reviewed and reduced. In Chile the former Combarbala based operations were reduced and residual functions relocated to Santiago. In order to preserve funds the Company also formally withdrew from the farmin with Majada Project concession holders, but at the same time ensured that all of the Company's 100% owned concessions (at Cerro Huancash, Chongos and La Negra), remained in good standing.

Approval of the Transaction will see some changes in the Board's future composition, with both Edwin Bulseco and myself stepping down. As such I want to take this opportunity to place on record my very sincere appreciation of the efforts undertaken by our various consultants and advisors; most notably DJ Carmichael, led by Steve Tomsic, and Steinepreis Paganin. I acknowledge that this proposed transformation of Red Gum has only been achieved through the close working, supportive, relationship forged between your Board and DJ Carmichael.

Likewise the ability of your Board to function so cohesively during what have been some very challenging times has only been made possible through the unswerving support of my fellow directors, Jennifer Tobin and Edwin Bulseco, together with the efforts of our Company Secretary, Mal Lucas Smith, and our Chief Financial Officer, Vicky Allinson. I would also very much like to thank Torey Marshall, who resigned as a Non-Executive Director in early January 2014, in order to concentrate on other pursuits, for his sterling efforts and insights in contributing to the Board's activities up until that time.

Likewise, our ability to successfully and significantly reorganise our overseas operations has been greatly facilitated by a number of people who, notwithstanding potential personal detrimental financial implications, were outstanding in helping us achieve these objectives. In particular I wish to acknowledge Miguel Huarachi, Mervyn Sinclair, Maria Ojeda, Julio Calderon, and Alexjandro Honores for their magnanimous efforts.

The end of the Financial Year sees the Company in a good financial position and presented with a promising opportunity. A lot of work has been put into making the proposed Transaction a success and as such I look forward to watching the Company deliver the positive growth in shareholder value which you deserve.

Yours faithfully,

Dr Raymond D Shaw
Chairman



Your directors present their report, together with the financial report on Red Gum Resources Limited ("Company") and its controlled entities ("Group") for the financial year ended 30 June 2014.

Current directors

The names of each person who has been a director during the year and to the date of this report are:

Dr Raymond Shaw – Chairman (Appointed on 11 May 2006)

Dr Raymond Shaw is a geologist and geophysicist with more than 30 years' experience in the resources and energy sectors including the oil, gas and coal industries. He has worked extensively throughout Australia and Asia in the private sector and has consulted extensively to industry, government, and international aid agencies on a variety of resource projects including the World Bank, Asia Development Bank and Ausaid. He was a part time consultant with the New South Wales Department of Mineral Resources for 7 years, providing input for petroleum exploration industry initiatives during the late 1990's and early 2000's, and he was also a director of Hillgrove Gold Limited in the early 1990's.

Dr Shaw was founding Managing Director of Great Artesian Oil and Gas Limited and subsequently Managing Director of Bandanna Energy Limited, from 2008 until 2012. From 2010 until 2012 he was also a director of Wiggins Island Coal Export Terminal Stage 1 at Gladstone involved in the \$3 billion development of a new 27 Mtpa coal export terminal. Until May 2014 Dr Shaw was Chairman and Non-Executive Director of ASX listed Rampart Energy Limited.

Dr Shaw is a founding director of Red Gum Resources Limited and became Executive Director and Chairman of Red Gum Resources Ltd in 2013.

Dr Shaw holds a B.Sc. (Hons 1) and Ph.D. from the University of Sydney, a Dip Law (SAB), Grad Dip in Legal Studies (UTS) and is a Member of the Australasian Institute of Mining and Metallurgy and Member of the American Society of Petroleum Geologists.

Ms Jennifer Tobin – Non-Executive Director (Appointed on 14 June 2013)

Ms Tobin is a partner with the law firm Minter Ellison, having 20 years' experience in corporate law and mining, oil and gas law. Her specialities are in corporate law (mergers and acquisitions, corporate governance, ASX compliance, IPOs and other capital raisings, risk management and general commercial matters) and mining, oil and gas law.

Her corporate experience includes a broad range of commercial and resource projects, including advising on major projects, international transactions and foreign investment, capital raisings, and acquisition of companies and businesses. Ms Tobin has also been a director of a number of public companies and is well acquainted with corporate governance issues.

In 2013 and again in 2014 Ms Tobin was selected as one of Australia's 'Best Lawyers' for Corporate/Governance and Oil & Gas.

Ms Tobin holds LL.B and B.A. degrees from the University of Adelaide, and is a member of AICD, the Corporations Committee of the Business Law Section of the Law Council of Australia and the SA Branch of the Resources and Energy Law Association (AMPLA).



Mr Edwin Bulseco – Non -Executive Director (Appointed on 5 March 2014)

Edwin Bulseco has a wealth of experience in capital markets and corporate strategic planning. Edwin is currently a corporate finance executive at one of Australia's largest stockbrokers. From 2010 until September 2014, Edwin served as senior equity research analyst at two of Australia's oldest stockbrokers. During this period, Edwin's considerable capital markets and corporate experience resulted in over \$100 million of new capital being raised, in addition to a number of successful corporate restructures.

Prior to working in capital markets Edwin held various internal consulting, corporate/strategic planning and commercial roles with Royal Dutch Shell where he spent seven years, resulting in the maturation and commercialisation of a number of global projects. During this period, Edwin gained valuable international experience in Europe, South East Asia and Africa.

Edwin Bulseco holds a Bachelor of Commerce (Graduating with Merit) from the University of Wollongong in NSW.

Mr Torey Marshall – Non-Executive Director (Resigned on 6 January 2014)

Mr Marshall has broad based geotechnical experience having been involved in mining, petroleum and geothermal sectors for some ten years.

His initial experience was gained in the mining sector, working on various contract roles as a mineral exploration geologist. From 2002 until 2005 he was a geologist with the Northern Territory Geological Survey, based in Darwin. During that time he was responsible for a wide range of mineral and petroleum related projects and gained good working knowledge of the Northern Territory geology including the Amadeus Basin. From 2005 until 2008 he was a senior explorationist with Great Artesian Oil and Gas Limited. Since that time Mr Marshall has been consulting to both domestic and international companies on a range of aspects from prospect reviews to exploration and development strategies and corporate plays.

Mr Marshall holds a B.Sc. (Hons) and M.Sc. in Geology from the University of South Australia. He is a Chartered Professional Geologist of the Australasian Institute of Mining and Metallurgy, a member of both the Geological Society of Australia and American Association of Petroleum Geologists.

Mr Marshall is a Non-Executive Director of African Power and Coal Pty Ltd and was Managing Director of ASX listed Rampart Energy Ltd (ASX: RTD) until 1 July 2014.

Company secretary

Mr Malcolm Lucas-Smith was appointed Company Secretary of Red Gum Resources Limited on 1 February 2008. He has over 40 years' experience in finance, executive and non-executive management, property development, corporate secretarial and administrative services. Mr Lucas-Smith spent 12 years with State Bank of New South Wales and 18 years with the property finance and the property joint venture division of Australian Guarantee Corporation Limited (AGC), at that time a listed subsidiary of Westpac Bank. In September 1987 Mr Lucas-Smith formed his own corporate services business and has since worked within, and consulted to, the corporate sector often assisting new start-ups and existing operations proposing to list on the ASX. He has also provided local representative and registered office services for offshore entities.

He is currently also the Company Secretary of Rampart Energy Ltd (ASX: RTD).



Meeting of directors

During the financial year, 21 meetings of directors were held. Attendance by each director during the year is as follows:

	Directors' meetings No. eligible to attend	No. attended
Dr Raymond Shaw	21	21
Ms Jennifer Tobin	21	21
Mr Edwin Bulseco (appointed on 5 March 2014)	9	8
Mr Torey Marshall (resigned on 6 January 2014)	6	5

Given the size of the board and the Company, the board does not consider that separate committees are required; this matter will be reviewed by the board on a regular basis.

Operating results

The net comprehensive loss of the Company for the financial year ended 30 June 2014 was \$6,168,082 (2013: \$828,740).

The increase in the net comprehensive loss was a result of the strategic changes which led to higher professional fees and mining field activities being put on hold that resulted in an impairment review of project assets and increased professional fees (primarily corporate advisory) compared with the previous year.

During the year \$4,584,160 (2013: \$nil) of capitalised project costs was written off as impaired following a review of all projects; \$411,894 (2013: \$1,380,940) of project expenditure was capitalised. In addition, \$226,409 (2013: \$121,143) of project expenditure was expensed as incurred.

The Company did keep all its 100% owned projects in good standing with regulatory authorities as appropriate in Peru and Chile. The majority of the capitalised and expensed project costs relate to Majada \$555,423, La Negra \$38,540, Chongos \$23,454 and Cerro Huancash \$20,886 concession areas and follows the decision by the Company to shift focus from the mining sector.

Below are details of the principal project areas and activities conducted by the Company during the Reporting Period.

OPERATIONS

Overview

Operational activities of the Company during the 2014 Financial Year were dictated by the Board's continuing response to the weak market sentiment towards micro-capped, junior mining explorers, such as Red Gum.

As foreshadowed in June 2013 the Company pursued plans to sell its Peruvian assets to enable it to focus on developing opportunities in Chile. In Chile the Company focused on its copper-gold play in the IOCG Belt, most notably at Majada but also through the application for additional areas within Region IV where it also sought to form a strategic alliance with third parties during second half of 2013.



During a protracted period of voluntary suspension from the Australian Securities Exchange (“ASX”) in first quarter of 2014, the Company unsuccessfully attempted to negotiate the sale of its Peruvian assets and formation of various strategic alliances, as well as carrying out an internal review of its business strategy. The latter resulted in the Company announcing, in conjunction with lifting its voluntary suspension and reinstatement to Official Quotation on 3 March 2014, that it was seeking new business opportunities outside of the resources sector. At the same time it announced a Renounceable Rights Issue and Unsecured Convertible Loan in order to provide sufficient working capital to achieve these ends. Concurrently, the Company put in place cost reduction measures, including notification to withdraw from the existing Majada Project agreements. At the same time actions were taken to ensure the preservation, in good standing, of all of Red Gum’s 100% held mineral concessions.

On 4 June 2014 the Company announced its intention to acquire Holiday Planet as part of a shift in focus to internet travel and leisure. Further announcements, involving the acquisition of Asia Escape and Motive Travel were made on 17 June 2014 and 2 July 2014, respectively and subsequently Share Sale Agreements were announced (Refer Subsequent Events).

TRANSITION TO LEISURE AND TOURISM ACTIVITIES

As originally announced on 4 June 2014, and subsequently elaborated on 17 June 2014 and 2 July 2014, the Company had entered into three separate share sale agreements with the shareholders of Holiday Planet Pty Ltd, Key Gate Holdings Pty Ltd (trading as “Asia Escape Holidays”) and Jaecer Holdings Pty Ltd (trading as “Motive Travel”) by which it could acquire 100% of their issued capital (Refer Subsequent Events).

Holiday Planet, Asia Escape and Motive Travel are all Perth based and operate as online travel and holiday businesses that generate income through a wide range of distribution channels, involving both consumer and wholesale. They also possess intellectual property including a number of online domain names and extensive client and industry data bases. Holiday Planet has been in operation for 13 years, Asia Escape 16 years and Motive Travel 41 years, collectively they represent some 70 years of Western Australian based tourism operations.

Subject to regulatory and Shareholder approvals, it is the intention of Red Gum Resources Limited to acquire each of Holiday Planet, Asia Escape and Motive Travel in order to establish an integrated online travel service, to be known in the future as the Australian Travel Group Limited (“ATG”). Holiday Planet, Asia Escape and Motive Travel do not operate within the same field of business as the existing operations of the Company. However, together they provide an ideal platform for establishing an integrated online travel service, which upon relisting will become the largest independent leisure and tourism company of its type based in Western Australia.

Merger and integration of these three entities will establish ATG’s initial platform to offer comprehensive leisure and tourism services across the wholesale sector (Asia Escape), retail sector (Holiday Planet) and group and convention and specialist tourism sector (Motive Travel).

As announced to the market on 4 June 2014, the proposed acquisition of Holiday Planet provides the Company with a credible platform to further aggregate the segmented travel industry, to target scale and operational efficiencies. As part of the intended acquisition, the Company will undertake a capital raising, a capital consolidation, and seek to relist the Company with Shareholders being asked to vote at an Extraordinary General Meeting convened to consider, this together with the acquisitions of Asia Escape and Motive Travel, in accordance with the Corporations Act and ASX Listing Rules.



EXPLORATION AND MINING ACTIVITIES

Majada Project, CHILE.

Operational activities on the Company's core mining assets were focused on the Majada Project, during the first half of the Financial Year ("FY"), primarily involving geological follow-up to the successfully completed 2013 FY drilling program. As announced to the ASX on 17 September 2013, the drilling results included two, new, separate mineral discoveries at Majada East and Majada West. During second half of 2013, and in cooperation with the owners of neighbouring concessions, Red Gum undertook detailed mapping in order to better understand its own mineralisation discoveries in terms of other nearby mineralised deposits and context of likely regional controls. Separately Red Gum continued negotiations with principals of a number of adjacent concessions with a view to forming alliances, consolidating and or aggregation its position within the region.

As outlined in November 2012, Red Gum had negotiated a right to earn a 100% interest in the nine claims comprising the Majada Project, located within Region IV in Chile. Under the terms of the Option Agreements, Red Gum could earn a 100% interest in the claims, by making staged, six monthly, option payments totalling 679.5 million Chilean pesos (~A\$ 1.44 mil as at November 2012) to the owners over a 3 year period.

Following the announcement of the Company's intention to seek new opportunities including those outside of the resources sector the Company put its field operational activities at Majada on hold and gave notice of its intention to withdraw from the original Option agreements, however, at the same time, sought to renegotiate terms with the concession holders. In withdrawing the Company no longer has any financial obligations nor right to earn any interests. During the Reporting Period the Company sought to renegotiate terms with the concession holders. Currently these negotiations have been put on hold, given confirmation of the shift of focus of the Company's activities to the leisure and tourism industry.

La Negra Project, CHILE.

The La Negra Lead-Zinc-Silver (Copper-Gold) Project is located within Region IV in Chile, approximately 360 km north-northeast of Santiago and approximately 10 km ENE of the mining town of Combarbalá. The project is easily accessible and, as the average elevation of La Negra is approximately 2,000 m above sea level, there are no weather window limitations.

Previous surface geochemistry defined a strong northerly trending ("Principal") zinc-lead-silver-gold anomaly and, following the completion of detailed field mapping, this has been broadly linked to a 1300 metre long, by +400 metre wide, outcropping tourmaline-bearing hydrothermal breccia zone that hosts the old workings. These, and other geochemical anomalies, are underlain by large chargeability anomalies defined in the geophysical survey executed by the previous exploration company. In 2012 the Company exercised its option to acquire 100% interest in the La Negra project following the encouraging drilling results. The La Negra Project was registered to Red Gum on a 100% basis on 19 July 2012.

▪ Community Relations, CHILE.

Red Gum has ensured that during its active field processes, and more recently as it has withdrawn and put on hold its field activities within the Combarbala region, that it fulfilled all of its obligations with the communities in which it works. Having recognised the need to embrace community and governmental expectations Red Gum has sought to co-exist and develop sustainable relationships with local stakeholders in order to ensure that it could develop its mining operations along side their activities and or preserve its community good-will. As a consequence our departure from Combarbala was met with considerable regret by those local communities all of whom have expressed a desire to again work with Red Gum should circumstances change in the future. Formal termination notices and all residual land access aspects of our former activities were negotiated with the Litipampa and Totorita communities, whose lands encompass the Majada Project area. The Company acknowledges its extreme gratitude for their assistance and understanding of Miguel Hauchari in establishing these relationships on behalf of the Company.



▪ Health and Safety, CHILE

Red Gum has had a strong commitment to ensuring that its employees and contractors work in a safe environment with a commitment to zero harm. During the Reporting Period the Company continued to monitor and review, as appropriate, its safety and health management plans for its active projects and reported no safety incidents. During field operations regular safety meetings were held by the Company as well as daily tool box meetings by the contractors and initial inductions. For these activities Mr Alejandro Molena has had overall responsibility for our mine sites in Chile.

Cerro Huancash, PERU.

The Cerro Huancash Project, located approximately 100 km northeast of Lima, covers an area of 575.6 hectares. This is one of four exploration concessions located in the central Peruvian Polymetallic Belt which is owned 100% by Red Gum: Cerro Huancash (5.76km²), Chongos A (10 km²), Chongos B (9 km²) and Chongos C (5 km²). The Peruvian Polymetallic Belt is one of Peru's most important areas in terms of geological potential, due to the existence of numerous polymetallic skarn and replacement deposits. It has a proven track record in discovery of world class deposits, such as Antamina, Iscaycruz, San Gregorio and Toromocho/Morococha as well as numerous, highly profitable, small to medium sized deposits.

Operationally, during the Reporting Period, no active field studies were undertaken. Rather as announced to the ASX on 4th June 2013, the Company, in seeking to concentrate on copper-gold exploration in Chile, entered into protracted negotiations for the formation of a strategic alliance with third parties and or disposal of its Peruvian assets.

Previous exploration in the area surrounding Cerro Huancash had identified a highly prospective zone, herein referred to as the "Ariana Corridor", of approximately 8 km length reporting very strong zinc, copper, lead, silver and gold anomalies. Cerro Huancash covers a +3 km segment of this prospective belt which immediately to the north is being exploited by a private company Southern Peaks Mining.

Chongos Concessions, PERU.

During the Reporting Period the Company did not carry out systematic field-based exploration on this project but intends to undertake field studies during the current financial year.

Chongos 2006A, Chongos 2006B and Chongos 2006C (together the Chongos Project), covering a total area of 2,400 hectares, is a multi-tenant zinc-lead-silver exploration project. Located 180 km southeast of Lima, the Chongos Project is easily accessible year round via the Central Highway linking Lima with the central highlands. Red Gum holds these tenements on a 100% basis.

Previous exploration by a third party in the Chongos Project indicated a strong presence of zinc and lead and some silver mineralisation in soil and rock chip samples.

▪ Community Relations and Safety Issues, PERU.

During the Reporting Period the Company's representative Mr Julio Calderon met with the local authorities of the Comunidad de Carampoma in order to maintain community agreement for access to the Cerro Huancash Project area. Under this agreement Red Gum has contributed to a number of local community festivals and other significant events.

Prior to undertaking any field activities all contractors are required to undergo safety induction courses, consistent with government regulations and Red Gum's policy of zero harm. During the Reporting Period there were no reportable safety incidents.



Competent Persons Statement

The information in this Report, or where applicable the information in the Report to which this statement is attached, that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consultant Mike Easdon. Mr Easdon holds B.Sc and M.Sc degrees from McGill University Canada and has more than 40 years industry experience, principally in North America and Latin America, in precious and base metal mineral exploration and development. Mr Easdon is not employed by the Company or by any other party, and is a consultant. He is a member of a "Recognised Overseas Professional Organisation" included in a list promulgated by the ASX from time to time, since he is a Certified Practicing Geologist (CPG07646) with the American Institute of Professional Geologists.

Mr Easdon 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". Mr Easdon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE HIGHLIGHTS

During the Reporting Period the Company issued the following shares:

■ Securities issued:

- The Company raised an additional \$300,000 through the issue of 15 million shares at 2 cents per share in November 2013, against a prevailing economic and investor backdrop detrimental to the junior mining sector as a whole.
- The Company advised on 24 February 2014 it had entered into a mandate with DJ Carmichael to undertake and underwrite a renounceable pro rata entitlement issue ("Entitlement Offer"), on the basis of two (2) new shares for every three (3) shares on issue at an issue price of \$0.003 per share, together with one (1) free option for each four (4) new shares issued. As announced to the market on 10 March 2014, the Company announced that under a fully underwritten renounceable rights issue 194,007,468 ordinary shares, at \$0.003 each, 48,501,867 free attaching options exercisable at \$0.01 each and expiring on 15 November 2017 and 40,000,000 unlisted Broker Options at a consideration of \$0.00001 each, exercisable at \$0.01 each and expiring on 15 November 2017. The rights issue raised approximately \$582,022. On 28 April 2014 an Appendix 3B was lodged with the ASX, noting the issue of 40,000,000 Underwriter's options.
- As announced to the market on 3 March 2014 the Company issued 1,870,215 ordinary shares at a price of \$0.003 per share to raise a total of \$5,611 under listing rule 7.1 to non-related sophisticated investors.
- In accordance with an Underwriting Agreement to the Rights Issue announced on 10 March 2014 the Company on 17 April 2014 lodged an Appendix 3B for shortfalls in the Rights Issue to be subscribed by the Underwriter totalling 38,801,493 ordinary shares and 9,700,373 attaching quoted options.
- 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 44,163,555 free attaching options exercisable at \$0.01 each and expiring on 15 November 2017 and the issue of 467,554 attaching options relating to a prior placement, both as approved by shareholders on 28 April 2014.



- On 23 May 2014 an Appendix 3B was lodged with the ASX, following placement and 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.
- 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 LR 7.1 and 70,000,000 under 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.

■ Escrow

The Company advised on 3 January 2014 that 30,425,932 ordinary shares subject to 2012 IPO restriction period would expire. Subsequently the Company issued an Appendix 3B notice to this effect on 17 January 2014.

■ Change in Registered Office Address

The Company advised on 1 May 2014 that it had relocated its Registered Office to 79 Angas Street Adelaide, 500 from its former address at 75 Angas Street Adelaide, South Australia. Telephone and other contact details remain unaltered.

■ Extraordinary General Meeting (“EGM”)

As announced to the ASX on 28 March 2014, the Company convened an EGM on 28 April 2014. Details of the business related to seeking shareholder approval of the conversion of the Loans, as well as approvals for future additional and two prior placements. All resolutions were passed unanimously by a show of hands.

■ Options Cancelled

- On 6 August 2013 the Company announced that it had cancelled 3,000,000 unquoted options (ASX : RGXAW) of various exercise dates and prices due to vesting of these options no longer being possible.
- On 18 November 2013 the Company announced that it had cancelled 18,744,690 unquoted options (ASX: RGXAI) exercisable at \$0.07 each expiring 15 November 2013.
- 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 expiring on 9 June 2014.

Significant changes in state of affairs

As announced to the market on 3 March 2014, the Company's efforts to refocus its strategy on copper-gold exploration in Chile and seek additional funding for this, through proposed strategic alliances and the rationalisation of the Peruvian assets, have to date not proven fruitful. Accordingly, and following consultation with key advisers, shareholders and other stakeholders, the Company embarked upon a funding solution involving a placement, a convertible loan and rights entitlement through D J Carmichael Pty Ltd, stockbrokers based in Perth WA.

As announced to the market on 4 June 2014, the proposed acquisition of Holiday Planet provides the Company with a credible platform 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, a share capital consolidation, and seek to relist the Company, following which three new directors will also be appointed. 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. Subsequently, on 2 July 2014, Red Gum announced a further acquisition of a third tourism business, Motive Travel, the trading name of Jaecer Holdings Pty Ltd. Operating for more than 40 years, Motive Travel is one of Western Australia's oldest independent, privately owned and operated travel agencies specialising in group, convention and specialist travel arrangements.



Under the terms of the various agreements, including that announced on 22 September 2014, 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 Shares, 250,000 Convertible Notes and \$750,000 in cash to be provided to the HP Shareholders. Likewise it will acquire 100% of the issued share capital in Keygate Holdings (Asia Escape) for a consideration, on a post-consolidation basis, of 10,000,000 Shares, 750,000 Convertible Notes and \$750,000 in cash, and 100% in Motive Travel on similar terms for 5,000,000 Shares, 500,000 Convertible Notes and \$500,000 in cash.

Settlement of the Asia Escape and Motive Travel acquisitions is subject to satisfaction of a number of counterpart conditions to those of the Holiday Planet Agreement, in addition to settlement of the Company's acquisition of Holiday Planet.

Principal activities

Red Gum Resources Limited's and its controlled entities' principal activity during the Reporting Period was mineral exploration and the accumulation and acquisition of prospective areas in Latin America.

As announced to the market on 2 June 2014 the Company intends to seek shareholder and regulatory approval to shift its focus from the mining sector to the leisure and tourism industry.

Directors and management believe that the Company will, subject to appropriate approvals, be placed in a strong position with the acquisition of Holiday Planet, Asia Escape and Motive Travel to operate profitably in the leisure and tourism industry.

At the same time the Company intends to retain its 100% mineral concessions in good standing, at Cerro Huancash, Chongos and La Negra. The impaired asset value of these projects is \$560,771 at 30 June 2014 in total and should remain at this value given that they represent significant potential opportunity, once sentiment in the commodity sector improves.

Events subsequent to balance date

- On 2 July 2014 the Company announced that it had acquired an additional travel business, following the signing of a Heads of Agreement to acquire Motive Travel. Completion will be subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 9 July 2014 the Company announced that it had signed a Share Sale Agreement with Holiday Planet following the announcement on 2 June 2014 that it had entered into a Heads of Agreement. Completion is subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 4 August 2014 the Company announced that it had signed a Share Sale Agreement with Motive Travel following the announcement on 2 July 2014 that it had entered into a Heads of Agreement. Completion is subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 25 August 2014 the Company announced that it had signed a Share Sale Agreement with Keygate Holdings to acquire Asia Escape Holidays following an announcement on 17 June 2014 that it had entered into a Heads of Agreement. Completion is subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 22 September 2014 the Company announced that it had entered into amended Share Sale Agreements with each of Holiday Planet, Asia Escape Holidays and Motive Travel shareholders by which the up-front cash consideration would be reduced, convertible notes would be issued and the termination date extended to enable shareholder and regulatory approvals and relisting during final quarter of 2014.

There have been no other matters or circumstances subsequent to the end of the Reporting Period that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



Future developments

The likely future developments of the Company during the next financial year will involve ongoing, consolidation activity in the leisure and tourism industry mineral sector in general, subject to shareholder approvals at a proposed Extraordinary General Meeting.

Dividends

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends have been made.

Remuneration Report (Audited)

This report outlines the remuneration agreements in place for directors and executives of Red Gum Resources Limited prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. Further comments on the establishments and structure of Board Committees are made in the Statement of Corporate Governance at pages 21 to 33.

Red Gum Resources Limited received 100% of 'yes' votes on show of hands (note only 4% no votes were received by proxy) on its Remuneration Report for the financial year ending 30 June 2013. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Remuneration Committee

Due to the size of the Company's operations, the Directors did not believe that the establishment of a remuneration committee is warranted during the Reporting Period. All matters that would normally be the responsibility of a remuneration committee are dealt with by the full board of Directors. The Chairman is responsible for the annual review of Directors remuneration. The Board will continue to monitor the appropriateness of forming such a committee as future circumstances dictate.

Executive Compensation and Non-Executive Remuneration

The full Board of Directors sets remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation.

Non-Executive remuneration

During the year ended 30 June 2014 non-executive remuneration amounted to \$66,000 (2013: \$82,917).

Non-executive remuneration commenced on 17 January 2012 following the successful listing on the ASX. The fee scales entitled to be paid, per annum amount to:

- Non-executive director remuneration
 - from January 2012 to January 2013 \$48,000 per annum;
 - from February 2013 to June 2013 \$30,000 per annum; and
 - From July 2013 \$36,000 per annum
- Non-executive Chairman remuneration
 - from January 2012 to January 2013 \$65,000 per annum; and
 - from February 2013 to March 2013 \$48,000 per annum;

Fees and payments to non-executive directors will reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board will ensure that all directors' fees and payments are appropriate and in line with the market.

Remuneration Report (continued)

Chairman's remuneration

Dr Shaw's remuneration package as an Executive Chairman comprised \$250,000 remuneration (including superannuation) per annum. As announced to the market, from 1 April 2014, Dr Shaw renegotiated a package which included director's fees of \$36,000 per annum and an additional daily consulting fee of \$1,100 (excluding GST) if he works more than 40 hours per month (any monthly consulting fee is reduced by the applicable proportion of the annual director's fees) under a Consultancy Agreement with Vanibe Pty Ltd. The Agreement may be terminated without cause by giving at least four weeks' notice. Dr Shaw has effective control over Vanibe Pty Ltd.

During the Reporting Period Dr Raymond Shaw was Executive Chairman and received gross executive remuneration of \$260,314 (2013: \$62,500) and directors fees of \$nil (2013: \$42,917). At 30 June 2014 \$66,540 (2013: \$2,000) was payable, including annual leave provision of \$16,828 (2013: \$nil).

Key Management Personnel Compensation

Table of Benefits and Payments for the Reporting Period Ended 30 June 2014

The following table sets forth all annual and long term compensation for services in all capacities to the consolidated entity for the two most recently completed financial years, in respect of the individual(s) who were, at the end of the most recently completed financial year, acting as directors or executive officers.

Name and Position	Year	Salary \$	Option based Remuneration \$	Other Annual Compensation and Superannuation \$	Total \$
Dr Raymond Shaw Chairman Appointed 11 May 2006					
Executive Director	2014	229,575	-	30,739	260,314
Executive Director (from 1 April 2013)	2013	59,547	-	2,953	62,500
Non-executive Director (to 31 March 2013)	2013	39,373	-	3,544	42,917
	2013	98,920	-	6,497	105,417
Edwin Bulseco Non-executive Director Appointed 5 March 2014	2014	12,000	-	-	12,000
	2013	-	-	-	-
Torey Marshall Non-executive Director Appointed 16 June 2007, Resigned 6 January 2014	2014	18,000	-	-	18,000
	2013	40,000	-	-	40,000
Jennifer Tobin Non-executive Director Appointed 14 June 2013	2014	32,952	-	3,048	36,000
	2013	-	-	-	-
Dr Paul Pearson Managing Director Appointed 1 July 2011 Resigned 5 June 2013	2014	-	-	-	-
	2013	296,799	46,257	21,588	364,644
Total	2014	292,527	-	33,787	326,314
	2013	435,719	46,257	28,085	510,061

Remuneration Report (continued)

Notes:

- (1) Remuneration is not based on performance criteria.
- (2) Remuneration is not linked to Company performance or share price.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2014	2013	2012	2011	2010
EPS (cents)	(2.84)	(1.27)	(0.98)	(0.11)	(0.01)
Dividends (cents per share)	Nil	Nil	Nil	Nil	Nil
Net loss attributable to owners of the Company	\$(6,041,721)	\$(970,058)	\$(504,906)	(43,544)	(314,852)
Share price (cents)	\$0.01	\$0.03	\$0.05	n/a ⁽¹⁾	n/a ⁽¹⁾

⁽¹⁾ The Company listed on the ASX on 17 January 2014

Securities held by Key Management Personnel

Movement in shares held by Key Management Personnel including their related parties:

Director	Balance at the start of the year	Shares acquired	Other changes	Balance at the start of the year
Raymond Shaw ⁽¹⁾	7,537,801	3,000,053	-	10,537,854
Edwin Bulseco ⁽²⁾	-	5,000,000	10,000 ⁽²⁾	5,010,000
Jennifer Tobin	181,667	1,272,503	-	1,454,170
Torey Marshall ⁽³⁾	13,606,112	10,000	(13,616,112) ⁽³⁾	-
Total	21,325,580	9,282,556	(13,606,112)	17,002,024

Movement in Options held by Key Management Personnel including their related parties:

Director	Balance at the start of the year	Shares acquired	Other changes	Balance at the start of the year
Raymond Shaw ⁽¹⁾	-	750,013	-	750,013
Edwin Bulseco ⁽²⁾	-	1,250,000	-	1,250,000
Jennifer Tobin	-	318,126	-	318,126
Torey Marshall ⁽³⁾	-	-	-	-
Total	-	2,318,139	-	2,318,139

Notes:

- (1) 10,499,800 shares and 750,013 options are held by Raymond Douglas Shaw and Rita Barbara Jones ATF Shaw Jones Super Fund; 72,804 are held by Barbara Shaw, wife of Dr Raymond Shaw; and 10,250 directly by Dr Raymond Shaw. 7,249,750 of Dr Raymond Shaw's shares were released from voluntary escrow on 17 January 2014.
- (2) Edwin Bulseco was appointed as a director on 5 March 2014. The shares and options are held by Alison Bulseco, wife of Edwin Bulseco.
- (3) Torey Marshall resigned as a director on 6 January 2014.
- (4) Options have an exercise price of \$0.01 expire on 15 November 2017.

Share Options

The Company has the following history of share options outstanding:

	Number of Quoted Options	Number of Unquoted Options	Weighted Average Exercise Price
At 1 July 2012	-	4,000,000	\$0.40
- Issued 12 June 2013 ⁽¹³⁾	3,111,506	3,111,506	\$0.08
- Issued 18 June 2013 ⁽¹⁴⁾	15,633,184	15,633,184	\$0.08
At 30 June 2013	18,744,690	22,744,690	\$0.12
At 1 July 2013	18,744,690	22,744,690	\$0.12
- Issued 2 August 2013 ⁽¹⁾	36,266,365	5,000,000	\$0.11
- Issued 5 August 2013 ⁽²⁾	6,222,998	-	\$0.10
- Cancelled on 6 August 2013 ⁽³⁾	-	(3,000,000)	\$0.40
- Expired 15 November 2013 ⁽⁴⁾	-	(18,744,690)	(\$0.07)
- Issued 14 April 2014 ⁽⁵⁾	38,801,500	-	\$0.01
- Issued 17 April 2014 ⁽⁶⁾	9,700,373	-	\$0.01
- Issued 28 April 2014 ⁽⁷⁾	40,000,000	-	\$0.01
- Issued 28 April 2014 ⁽⁸⁾	44,163,555	-	\$0.01
- Issued 28 April 2014 ⁽⁹⁾	467,554	-	\$0.01
- Issued 23 May 2014 ⁽¹⁰⁾	16,867,018	-	\$0.01
- Expired 9 June 2014 ⁽¹¹⁾	-	(1,000,000)	(\$0.25)
- Issued 10 June 2014 ⁽¹²⁾	26,000,000	-	\$0.01
At 30 June 2014 and at the date of this report	237,234,053	5,000,000	\$0.04

The following table summarises information about the share options outstanding:

Expire Date	Number of Options 2014	Exercise Price 2014	Number of Options 2013	Exercise Price 2013
15 November 2013 ^(4,13,14)	-	-	18,744,690	\$0.07
25 November 2014 ⁽³⁾	-	-	1,000,000	\$0.25
1 March 2016 ^(1,2,3,13,14)	61,234,053	\$0.10	18,744,690	\$0.10
30 April 2016 ⁽²⁾	5,000,000	\$0.15	-	-
25 November 2016 ⁽³⁾	-	-	1,000,000	\$0.30 or \$0.35
15 November 2017 ^(5,6,7,8,9,10,12)	176,000,000	\$0.01	-	-
25 November 2017 ⁽³⁾	-	-	1,000,000	\$0.35 or \$0.40
25 November 2018 ⁽³⁾	-	-	1,000,000	\$0.40 or \$0.60
Balance at end of period	242,234,053	\$0.04	41,489,390	\$0.12

Notes:

Current year

- (1) On 2 August 2013, 36,266,365 free quoted options (exercise price \$0.10 expiring 1 March 2016) were issued to broker, underwriter and sub-underwriters pursuant to the fully underwritten renounceable rights issue.
- (2) On 5 August 2013, 6,222,998 free quoted options (exercise price \$0.10 expiring 1 March 2016) and 5,000,000 free unquoted options (issue price \$0.15 expiring 30 April 2016) were issued to sub-underwriters pursuant to the fully underwritten renounceable rights issue.
- (3) On 6 August 2013, 3,000,000 quoted options were cancelled following the resignation of Managing Director Dr Pearson.
- (4) On 15 November 2013, 18,744,690 quoted options expired unexercised.



Share Options (continued)

- (5) On 14 April 2014, 38,801,500 quoted options were issued under an Entitlement Offer, exercise price \$0.01 expiring 15 November 2017.
- (6) On 17 April 2014, 9,700,373 quoted options were issued under the Entitlement Offer shortfall, exercise price \$0.01 expiring 15 November 2017.
- (7) On 28 April 2014, 40,000,000,000 free quoted options were issued to the underwriter, exercise price \$0.01 expiring 15 November 2017.
- (8) On 28 April 2014, 44,163,555 quoted options were issued on the conversion of a Convertible Loan, exercise price \$0.01 expiring 15 November 2017.
- (9) On 28 April 2014 467,554 attaching quoted options were issued, exercise price \$0.01 expiring 15 November 2017.
- (10) On 23 May 2014, 16,867,018 free quoted options were issued to the brokers, exercise price \$0.01 expiring 15 November 2017.
- (11) On 9 June 2014, 1,000,000 quoted options expired unexercised.
- (12) On 10 June 2014, 26,000,000 free quoted options were issued to the brokers, exercise price \$0.01 expiring 15 November 2017.

Prior year

- (13) On 12 June 2013, 3,111,506 free unquoted options (issue price \$0.07 expiring 15 November 2013) and 3,111,506 free quoted options (issue price \$0.10 expiring 1 March 2016) were issued on the basis of one free unquoted option and one free quoted option for every two ordinary shares issued under the fully underwritten pro rata renounceable entitlement offer, detailed in the prospectus dated 9 May 2013.
- (14) On 18 June 2013, 15,633,184 free unquoted options (issue price \$0.07 expiring 15 November 2013) and 15,633,184 free quoted options (issue price \$0.10 expiring 1 March 2016) were issued on the basis of one free unquoted option and one free quoted option for every two ordinary shares issued under the fully underwritten pro rata renounceable entitlement offer.

Diversity Report

Progress report on diversity strategies, initiatives and programs

Introduction

The following is the Diversity Report for the financial year ended 30 June 2014 for Red Gum Resources Limited ("the Company") prepared for the purposes of the Company's Annual Report for the year ended 30 June 2014.

The ASX introduced a requirement for all listed companies to adopt a Diversity Policy and a Diversity Strategy by no later than 30 June 2011, to disclose those documents to the shareholders, and to report to the shareholders each year on the current diversity position in the Company including culture, gender and age, and the progress towards achievement of the strategy objectives.

Diversity Policy

The Diversity Policy is based upon the recommendations of the ASX and the Australian Institute of Company Directors ("AICD") and as such will include requirements that may not be appropriate for a small company such as Red Gum Resources Limited. As with all matters included in the ASX Corporate Governance Principles and Recommendations, any recommendation that is not considered appropriate for the Company will be disclosed on an "if not why not" basis. The Policy is outlined in the Statement of Corporate Governance at page 23 of this Annual Report and is available on the Company's web site.

Responsibility

The Nomination & Remuneration Committee (if formed otherwise the Board) is charged with the responsibility for implementation of the Diversity Policy and the oversight of the Diversity Strategy progress and delegates that responsibility to the CEO. The Company Secretary is charged with the responsibility for reporting to the Committee each year in accordance with the requirements of the Policy.

Diversity Report (continued)

Current Position

As at 30 June 2014 there is an aggregate of 6 staff including Directors, employees and contractors (full and part time) in the Company. Of the aggregate 3 are female (including a Director and the Chief Financial Officer), 1 is of different ethnic or cultural background, and 1 is mature age. Consequently it could be said that the Company is already aware of the value of diversity and practices its attributes.

Diversity Strategy

The Diversity Strategy is also based upon the recommendations of the ASX and the AICD and sets various strategies, initiatives and programs designed to as far as possible achieve the aims and objectives of the Diversity Policy.

The current position with each of the strategy items and the time frame for achievement or otherwise is listed in the following Table 1:

Table 1

Strategy, initiative or program	By when	Current position
Phase 1 - Strategies		
1.1(a) The development and adoption of the Policy	5/05/2011	Completed
1.1(b) Embody within the Statement of Corporate Governance	5/05/2011	Completed
1.1(c) Assignment of responsibility	5/05/2011	Completed
Phase 2 - Initiatives and Programs		
At Board / board Committee Level		
1.2(a)(i)(A) Diversity is embedded as a relevant attribute	5/05/2011	Completed
1.2(a)(i)(B) Any skill / gap analysis matrix includes due regard for the attributes of diversity	As required	Will be prepared when required
1.2(a)(i)(C) Clear statement exists as to the mix of skills and diversity that the Board is looking to achieve	5/05/2011	Stated below and Included in the Charter for the Board of Directors
1.2(a)(ii) When addressing Board succession planning	5/05/2011	Enshrined in the Charter for the Board of Directors
1.2(a)(iii) Inclusion of Diversity related KPIs for CEO and senior executives	30/09/2011	Completed
1.2(b)(i) Review the Company's HR policies	30/06/2011	Completed
1.2(b)(ii) Review the Company's physical environment & cultural practices to ensure compliance with the Policy	30/06/2011	Completed
1.2(b)(iii) Ensure that the Company's recruitment practices follow the Policy requirements	5/05/2011	Completed
1.2(c)(i) Commit to career development	5/05/2011	Completed
1.2(c)(ii) Develop standing program and provide budget for career development	Annual	As required

Diversity Report (continued)

Specific Gender Diversity targets

It should be noted that the ASX recognises that there is an historical "skewed" pipeline of qualified and experienced personnel in the market and accordingly the gender diversity targets must be regarded as "soft" and subject to the overriding caveat stated at Item 8 in the Diversity Policy. The gender diversity targets are detailed at Item 2(c) of the Diversity Strategy.

Statements of Skills and Diversity Objectives

The following statements were adopted by the Board and included in the Charter for the Board of Directors at the appropriate locations:

"Since good governance principles require independence, transparency, diversity and flexibility, the Board acknowledges the importance of Board structure and, as a consequence, the Board seeks to use the following provisions as guidance when implementing an effective governance structure in the Company.

Board Skills

The Board shall contain a relevant blend of expertise and diversity attributes as appropriate for a Company of its size in:

- Accounting;
- Finance;
- Business;
- Mining;
- Financial instruments;
- Legal matters (especially when not present in the Company Secretary); and
- Marketing.

Diversity at Board Level and Generally

The Board respects the values and the competitive advantage of culture, gender, ethnicity and age "diversity", and the benefits of its integration throughout the Company. The Board has adopted a specific Diversity Policy in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives.

When addressing Board succession planning (and other appointments throughout the Company) the Board has ensured that the Diversity Policy is respected, efforts are made to identify prospective appointees who have Diversity attributes and efforts are made for any short list of prospective appointees to include at least one male and one female candidate."

Nomination & Remuneration Committee Terms of Reference

The Terms of Reference for the Nomination & Remuneration Committee has been amended to incorporate the necessary references to its new responsibility for the Diversity Policy.

Compliance

Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations in respect to diversity.



Environmental Regulations

There are significant environmental regulations surrounding mining activities conducted by Red Gum Resources Limited. However, there has been no breach of these regulations during the Reporting Period or subsequently as up to the date of this report.

Auditors

K S Black & Co were appointed as auditor of the Company on 1 July 2008 and the appointment was confirmed by shareholders at the 2008 Annual General Meeting of the Company. K S Black & Co continues in that position.

Non-Audit Services

The Directors have adopted specific policies and procedures for the engagement of non-audit services and are satisfied that the provision of non-audit services during the Reporting Period by the Auditor (or by another person or firm on the Auditors' behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The aggregate fees billed by the Company's external auditors for the last financial year are as follows:

	K S Black & Co.	
	2014	2013
	\$	\$
Audit fees – Full Year	17,000	16,775
– Half Year	4,985	4,725
Other	-	2,502
Total	21,985	24,002

Auditors Independence Report

The Auditors Independence Report is set out on page 34 of the Annual Report.

Indemnification

The Company is required to indemnify the Directors and other Officers of the Company against any liabilities incurred by the Directors and Officers that may arise from their position as Directors and Officers of the Company. No costs were incurred during the year pursuant to this indemnity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporation Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or interventions on behalf of the Company with leave from the Court under section 237 of the *Corporation Act 2001*. The Company has entered into a deed of indemnity with each Director whereby, to the extent permitted by the *Corporations Act 2001*, the Company agreed to indemnify each Director against all loss and liability incurred as an Officer of the Company, including all liability in defending any relevant proceedings.

DIRECTORS' REPORT CONTINUED



Dated at Sydney this 29 September 2014.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

Dr Raymond D Shaw
Executive Chairman



Red Gum Resources Limited (“the Company”) and the Board are committed to achieving and demonstrating appropriate standards of corporate governance, consistent with the size and nature of the Company. This statement outlines the main corporate governance practices in place throughout the Financial Year.

The ASX Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations on 27 March 2014 to take effect for the first full financial year commencing on or after 1 July 2014. Companies are encouraged to adopt the revised Principles and Recommendations earlier if they wish. The Company has not yet adopted the revised Principles and Recommendations and accordingly this Statement complies with the second edition Principles and Recommendations except where otherwise noted.

Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations as appropriate.

CHARTER FOR THE BOARD OF DIRECTORS

An important and basic corporate governance policy is the Charter for the Board of Directors, which is regularly reviewed. The Charter is a composite document which deals with all of the ASX principles of good corporate governance and is available on the Company’s website.

The Charter, as supported by the Directors’ Code of Conduct detailed at Principle 3, sets out the following requirements:

- The role of the Board;
- The Board structure;
- The skills required on the Board; and
- The Directors’ general roles.

The relevant references in the Charter are noted under each of the principles listed below.

ASX CORPORATE GOVERNANCE PRINCIPLES

The following is a summary of the 8 Corporate Governance Principles, including comments where applicable on the Recommendations, and extracts from the policies adopted by the Company which demonstrate how compliance has been achieved.

PRINCIPLE 1: Lay solid foundations for management and oversight

Operations of the Board

The Board of Directors of the Company is responsible for all aspects of the management of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the Security Holders, and is committed to achieving and demonstrating appropriate standards of corporate governance commensurate with the size of the Company and the nature of the business. The principal functions, responsibilities and performance review requirements of the Board and the Chief Executive Officer (“CEO”) (currently the Executive Chairman) are detailed in the Charter for the Board of Directors.

The Chairman reviews the performance of the Board, the individual Directors and the Board Committees on an annual basis, utilising the detailed performance criteria set out in the Charter for the Board of Directors and the relevant committee charters as a basis for measurement, and such review has taken place during the period under review. As a matter of principle, the Board is committed to the ongoing development of both Individual Directors and the Board as a whole. In addition to the Chairman's review, the Board will also conduct an evaluation of its performance each year, and while the Chairman is also carrying out the role of CEO, the Board will conduct an evaluation of his performance as CEO (in his absence). The objective of these evaluations is to provide best practice corporate governance to the Company.

Such a review can be;

- Qualitative, quantitative or a mixture of both;
- Formal or informal;
- Concentrated on reviewing the Board as a whole or Directors individually;
- Self administered, administered by the Chairman / fellow Directors or administered by an independent expert; or
- Focused internally on the Directors or involve the wider body of corporate stakeholders including, but not limited to, customers, suppliers, employees and the community.

The Chairman will action the evaluations, obtaining any assistance required.

Board responsibilities

The Board acts on behalf of Security Holders and is accountable to them. The Board seeks to satisfy the financial and management expectations of the Security Holders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk, and ensuring arrangements are in place to adequately manage those risks.

The Board appoints a CEO and the responsibility for the operation and administration of the Company is delegated to that person and the Executive team, supported by detailed position descriptions and/or KPIs (as applicable) for each position. The current CEO is the Company's Executive Chairman.

The Board will develop the proper procedures as required, to assess the performance of the CEO and the Executive team, and to ensure that the Executive team is appropriately qualified and experienced to discharge its responsibilities.

- The Remuneration Committee (or the Board if a Remuneration Committee is not established) undertakes evaluation of the CEO. Generally this process is coordinated by the Chairman, however while the Chairman is also the CEO, the Board other than the Chairman will co-ordinate this process to avoid any conflict.
- CEO evaluation will occur annually. At this time the Board and CEO will discuss and agree goals (both quantitative and qualitative) for the upcoming year.
- The Remuneration Committee (if established) will prepare a brief report for the full Board after discussion with the CEO. However, the performance of the CEO is a matter for full Board deliberation and is a separate agenda item at the relevant Board meeting. Again, while the Chairman is also the CEO, the Board other than the Chairman will consider the performance of the CEO.

The Board is responsible for ensuring that management's objectives, activities and outcomes are aligned to the expectations, vision and business risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including receipt of detailed reports, site visits and regular personal presentations to the Board.

Board policies

Board policies or obligations have been established in the following areas:

- diversity;
- continuous disclosure;
- dealing in securities;
- related party dealings;
- conflict of interest and external advice;
- release of information;
- significant business risks; and
- ethical standards.

Diversity

The Board has always been aware of the advantages that may flow from diversity in respect to gender, age, ethnicity and cultural background and has taken those factors into account when considering new appointments at all levels within the Company.

At present there is one female Director, 1 mature age employee, 2 females including the CFO and 1 employee of differing ethnic or cultural background in the Company out of an aggregate of 6, including Directors and management.

The Board has adopted a Diversity Policy which is provided in full below. In addition the Board also adopted a Diversity Strategy which includes measurable objectives for achieving cultural, gender and age diversity, and the progress in achieving the objectives will be reported in each Annual Report to shareholders.

Diversity Policy

The Diversity Policy adopted by the Board is as follows:

1. General Purposes and Principles

- (a) The Company respects and values the competitive advantage of "Diversity", and the benefits of its integration throughout the Company, in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives ('Principle').
- (b) This Principle will manifest itself in the following areas:
 - (i) strategic and operational:
 - (A) being attuned to diverse strategies to deliver the Company's objectives;
 - (B) being attuned to diverse corporate, business and market opportunities; and
 - (C) being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B).
 - (ii) management:
 - (A) adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Company;
 - (B) ensuring the Company's culture and management systems are aligned with and promote the attainment of the Principle, including having regard for domestic responsibilities.

Note: in the context of this paragraph 1(b)(ii) "Diversity" constitutes people at relevant levels within the Company (including board, senior executive, management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's journey, including on account of their culture, gender, age or otherwise.

- (c) The Company will develop strategies, initiatives and programs to promote the Principle, including the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii).

- (d) In particular, the Company will set measurable objectives, and targets or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve gender diversity with respect to the matters referred to in paragraph 1(b)(ii).
- (e) The Company will implement the strategies, initiatives, programs and measurable objectives referred to in (c) and (d).
- (f) Management will monitor, review and report to the Board (including via the Nomination and Remuneration Committee if established) on the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii), and the Company's progress under this policy.

2. Responsibility for the Policy

- (a) Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the CEO.
- (b) In turn the CEO has delegated to the Company Secretary responsibility for administration of this Policy including its reporting to the Board, or its relevant sub-committee, as appropriate.

3. Measurable Objectives, targets and Key Performance Indicators (KPIs) - Gender Diversity

With respect to gender diversity, management will:

- (a) develop, for approval by the Board or its relevant sub-committee, as appropriate:
 - (i) measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 1(c);
 - (ii) targets or KPIs to verify progress towards attainment of those measurable objectives.
- (b) measure performance against those targets and KPIs;
- (c) report from time to time on the progress of the matters referred to in (a) and (b).

4. Compliance Requirements

- (a) The Company will meet its obligations with respect to the issue of "Diversity", as may be required under the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Principles") and other regulatory requirements (if any) including by:
 - (i) establishing this Policy as a compliant policy under ASX Guideline 3.2(a) by:
 - (A) establishing measurable objectives for achieving gender diversity;
 - (B) the Board assessing annually the measurable objectives for achieving gender diversity and the progress in achieving them.
 - (ii) disclosing this policy or a summary of it under ASX Guideline 3.2 (b);
 - (iii) in its annual report, and in the terms of ASX Guideline 2.4, disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of prospective new Board members;
 - (iv) in its annual report, and in the terms of ASX Principles 3.3 and 3.4, disclosing:
 - (A) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;
 - (B) the progress from time to time towards achieving them;
 - (C) the proportions in the Company (relative to their male counterparts) of:
 - female employees;
 - females in senior executive positions;
 - females on the Board.
 - (v) incorporating in the corporate governance statement in the Company's annual report a statement as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board, in the terms of ASX Guideline 2.6.
- (b) The Company Secretary will assume line responsibility to ensure the Company meets its compliance and reporting obligations referred to in (a), including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

5. Communication

The Company commits to the communication of this policy within the Company, to its shareholders and the market, including via its website:

- (i) by way of transparency and accountability; and
- (ii) to better promote the prospects of attainment of the Principle.

6. Accountability

- (a) Reporting and accountability in the terms of this Policy will be a periodic item on the Board agenda.
- (b) At least annually the Nomination and Remuneration Committee will report to the Board on progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(b)(ii), and otherwise to facilitate the Board in meeting its Compliance requirements under paragraph 4.

7. Addenda to this Policy

The following shall constitute addenda to this Policy as if set out in this Policy:

- (a) approved strategies, initiatives and programs and measurable objectives, targets and KPIs referred to in paragraph 1(c); and
- (b) approved measurable objectives, targets and KPIs referred to in paragraph 1(d); as may apply from time to time.

8. Overriding Caveat

Nothing in this policy shall be taken, interpreted or construed so as to endorse:

- (a) the principle criteria for selection and promotion of people to work within the Company, other than their overall relative prospect of adding value to the Company and enhancing the probability of achievement of the Company's objectives;
- (b) any discriminatory behaviour by or within the Company contrary to the law, or any applicable codes of conduct or behaviour for the Company or its personnel;
- (c) any existing person within the Company in any way feeling threatened or prejudiced by this policy in their career development or otherwise, merely because of their Diversity attributes at any time may be more, rather than less, common with others.

Diversity Strategy

The Diversity Strategy lists the strategies, initiatives and programs, measurable objectives, targets and KPIs adopted by the Board. Most of the strategies, initiatives and programs have already been achieved or put in place, and the necessary amendments have been made to the Charter for the Board of Directors and to the Terms of Reference for the Nomination & Remuneration Committee. The amended documents may be viewed on the Company's web site.

The Strategy includes initiatives and programs designed to foster Diversity at Board level, at executive and management level and generally, commensurate with the nature and size of the Company. Progress with achievement of the Diversity Strategy will be reviewed by the Nomination & Remuneration Committee (if formed, otherwise by the Board) on an annual basis and the result reported to the Board. Progress will also be reported each year in the Directors' Report section of the Annual Report.

The role of the Executive Chairman

At present the Executive Chairman fills the roles of Chairman and of CEO. However this has not always been the case in the past and may not always be the case in the future, so the details are set out separately below for ease of reference. While the Executive Chairman is also the CEO, the Board will modify the Company's practices, policies and procedures where appropriate, and in particular ensure that potential conflicts of interest are managed appropriately.

The role of the Chairman

The role of the Chairman is clearly defined in the Charter for the Board of Directors. In summary, the Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with security holders and with the Company's senior executives. The Chairman formally reviews the performance of the Board and the individual Directors on an annual basis.

The role of the CEO

The role of the CEO is also clearly defined in the Charter for the Board of Directors. In summary, the CEO is responsible for implementing the Company strategies and policies, achieving the Company objectives and managing the business of the Company. As noted above, currently the Executive Chairman also fills the role of CEO.

The CEO reviews the performance of his senior executives on an annual basis utilizing criteria similar to that applicable to himself, having regard to the position under review, the relevant position description and KPIs. Such reviews will lead in to the annual remuneration reviews.

Board committees

Establishment of Board committees is commensurate with the size of the Company. Terms of Reference or Charters have been adopted for each committee's responsibility, and in the event that the Board retains a particular responsibility and does not establish a relevant committee, the adopted Terms of Reference or Charter for that responsibility will be utilised by the Board in the discharge of that responsibility. Details of the experience, expertise and qualifications of the committee members are set out on pages 3 to 4 and the number of meetings held and attendances is set out on page 5 of the Annual Report. Summaries of the responsibilities and membership of the committees is provided at each relevant Principle.

Letters of Appointment and Employment Agreements

The functions, responsibilities, remuneration and terms of each Director's appointment are detailed in individual Letters of Appointment, as are the same for Senior Executives in individual Employment Agreements, all prepared in accordance with the guidelines included in the Charter for the Board of Directors.

Governance

In view of the small size of the Company, the duty of governance is handled by the full Board and dealt with in accordance with the Charter for the Board of Directors and the Directors' Code of Conduct.

Nomination

The duty of Nomination is handled by the Nomination & Remuneration Committee (or the Board, if a Remuneration Committee is not established) and dealt with in accordance with the Committee's Terms of Reference, the Charter for the Board of Directors and the Diversity Policy.

PRINCIPLE 2: Structure the Board to add value

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three and no more than 9 Directors (determined by the Constitution) and at least two of the Directors shall ordinarily reside in Australia.
- The Chairman should preferably be an Independent Director.
- The Board shall comprise Directors with a diverse and appropriate range of qualifications and expertise and in the event of retirement of a Director with particular expertise, the Board, with the assistance of the Nomination & Remuneration Committee (if formed), will seek to appoint a Director with skills, experience and diversity attributes required to balance the needs of the Board in the operations of the Company, in accordance with the Diversity Strategy adopted by the Board.
- The Board shall meet monthly unless otherwise agreed by the Directors, and follow meeting guidelines established to ensure that all Directors are made aware of, and have available all necessary information in a timely manner, to participate in an informed discussion of all agenda items.
- The Directors of the Company (except the Managing Director) are elected at a General Meeting.

The Directors in office at the date of this statement are:

- Executive Chairman - Raymond Douglas Shaw
- Independent Director – Jennifer Frances Tobin
- Non-Executive Director – Edwin Edward Bulseco

Notwithstanding the ASX recommendations that a majority of the Board (including the Chairman) should be independent Directors, the Board does not consider that it is appropriate to increase the number of Directors at this stage of the Company's development. The Board maintains strict protocols to ensure that any potential or actual conflicts of interest and duty are properly identified and managed, to ensure Directors act in accordance with their fiduciary responsibilities.

Independent Directors are independent of management, do not have a substantial shareholding (i.e. less than 5%), or some other relationship which could prevent them being considered independent for these purposes, and are free from any business or other relationship which could materially interfere with the exercise of their judgement. The commentary provided by the ASX Corporate Governance Principles and Guidelines has been considered when evaluating the independence of the Directors concerned.

Non-Executive Directors are independent of management but either have or control a substantial shareholding in the Company, i.e. 5% or more.

The Directors' Code of Conduct detailed in Principle 3 includes an acknowledgement that Directors may obtain independent legal advice in order to discharge their duties properly.

PRINCIPLE 3: Promote ethical and responsible decision-making

The Charter for the Board of Directors deals with this issue in respect to Directors, the senior executives, staff and consultants of the Company.

The Board has adopted a Directors' Code of Conduct which clarifies the standards of ethical behaviour required of the Directors, and is relevant to several of the ASX Corporate Governance Principles. The Directors' Code of Conduct is available on the Company's web site. The following is a summary:

Directors' Code of Conduct Overview

The Code of Conduct outlines the principles and standards Directors are required to abide by, and governs the way in which each of the Directors should conduct themselves in the discharge of their duties. This Code of Conduct should operate in addition to relevant laws that are in force from time to time and also in conjunction with all other Board Governance Policies.

1. Directors must act honestly, in good faith and in the best interests of the Company as a whole at all times.
2. Directors have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. Directors must always use the powers of the office for a proper purpose.
4. Directors must recognise that their primary responsibility is to the Company's members as a whole but must, where appropriate, have regard for the interests of all stakeholders of the Company.
5. Directors must not make improper use of information acquired as a Director.
6. Directors must not allow personal interests, or the interests of any Associated Person, to conflict with the interests of the Company.
7. Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
8. Confidential information received by a Director in the course of the exercise of Directors' duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or is required by law.
9. Directors should not engage in conduct likely to bring discredit upon the Company.
10. Directors have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

The policy includes detailed guidelines for interpretation of the principles of the Code of Conduct

Charter for the Board of Directors

The Charter for the Board of Directors is structured to promote ethical and responsible decision-making throughout the Company. All Directors, executives, employees and consultants of the Company are expected to act with integrity and objectivity, to maintain appropriate ethical standards and have the following duties:

- to act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity;
- to work in a safe, healthy and efficient manner, using their skills, time and experience to the maximum of their ability;
- to comply with applicable awards, Company policies and job requirements;
- not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by the Company;
- to ensure that the Company's resources and property are used properly; and
- not to disclose information or documents relating to the Company or its business, other than as required by law and the ASX Listing Rules and not to misuse any information about the Company or any other members of the Group.

Trading in Company Securities

The Board has adopted a Directors' and Officers' Share Trading Policy which applies to all Directors, officers, senior management and other employees of the Company ("Designated Persons") and supports this Principle through its provisions against insider trading and market manipulation. The policy is available on the Company's web site. In summary the trading restrictions are:

Inside Information

If a Designated Person has Inside Information (as defined in the policy) relating to the Company it is illegal for the Designated Person to:

- (a) deal in (that is, apply for, acquire or dispose of) the Securities or enter into an agreement to do so; or
- (b) procure another person to apply for, acquire or dispose of the Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that information to any other person if the Designated Person knows, or ought reasonably to know, that the person would or would be likely, to use the information to engage in the activities specified in paragraphs (a) or (b) above.

Black Out Period

Officers are not permitted to buy or sell the Company's shares from December 31 each year until after the half yearly results announcement is made to the market, and from June 30 each year until after the announcement of the full year's results to the market or during the period commencing 4 weeks prior to the conclusion of any AGM of the Company.

Excluded Trading

Certain types of share trading transactions which are beyond the control of the Officer, or result in no change to the beneficial holding of the Officer, are excluded from the restrictions imposed by the trading policy.

Financial Products

Designated Persons are not permitted to deal at any time in financial products without the prior approval of the Board, such as options, warrants, futures or other financial products issued over the Securities by third parties such as banks and other institutions. An exception may apply where the Securities form a component of a listed portfolio or index product.

PRINCIPLE 4: Safeguard integrity in financial reporting

An Audit and Risk Committee is charged with safeguarding the integrity of the Company's financial reporting by advising on and supervising internal controls and appropriate ethical standards for the financial and operational management and risk management of the Company. The Committee also confirms the quality and reliability of the financial information prepared. The Company has adopted a detailed Charter for an Audit and Risk Committee.

At this early stage of the Company's development there are only three Directors, with two being independent, which is typical of a small company. Consequently it is not possible for the Company to comply with the ASX guidelines on the formation and structure of an Audit & Risk Committee. The Directors do not consider it appropriate to increase the number of Directors at this time, as the additional expense cannot be justified nor is there any operational reason to do so. The Board has adopted Terms of Reference for an Audit & Risk Committee and utilises those guidelines when conducting audit & risk related business. The Board's view is that these guidelines ensure the integrity of the Company's financial reporting processes, and the independence and competence of its external auditor.

The Charter for the Board of Directors sets out the membership and responsibilities of the Committee as follows:

Ideally, the Audit and Risk Committee will comprise a majority of independent directors and / or non-executive directors, one of whom will chair the meetings, and should not contain any executive directors. The Committee's responsibilities are:

- to review the adequacy of systems and standards of internal control with emphasis on risk management, financial reporting procedures and compliance;
- to review proposed announcements of financial results, financial statements, management questionnaires and external audit reports in advance of the Board;
- to receive any information it requires from management;
- to report its findings and recommendations directly to the Board;
- to provide a direct link from the Board to the external auditor, the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review;
- to assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review; and
- to provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

The CEO and Chief Financial Officer, as appropriate, must declare in writing to the board (see below) that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial reports for the financial year comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The Chairman of the Audit & Risk Committee (if appointed – if not, an independent director appointed by the Board) meets separately with the auditors as required from time to time to discuss the audit reviews and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence.

The Company's Auditor is invited to attend the Annual General Meeting and be available to answer any questions the Shareholders may care to ask in respect to the financial statements of the Company.

The Company has not yet adopted formal procedures for the selection, appointment and rotation of external auditors.

Each year the CEO or CFO will provide a statement to the Board in writing in respect to the integrity of the financial statements and the effective operation of the risk management and internal compliance and control systems.

Each year the CEO or CFO will provide a statement to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards. The statement also confirms that the assurance is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board.

PRINCIPLE 5: Make timely and balanced disclosure

The Board is very conscious of its continuous and periodic disclosure obligations as set out in ASX Listing Rules 3 and 4, and has procedures in place to ensure that the requirements of those listing rules are met at all times. The standard Board meeting agenda includes a review of past, current and forthcoming events and results, to determine if there is information that should be disclosed in accordance with the Company's Continuous and Periodic Disclosure Policy. The Company's Continuous and Periodic Disclosure Policy is reinforced in the Charter for the Board of Directors. The policy is as follows:

Policy

That the Company will do all things necessary to ensure compliance with Listing Rules 3 and 4 and to follow the guidelines and best practice recommendations as set out in Principle 5 where, in the opinion of the Board, those guidelines and recommendations are appropriate to the Company.

Policy Objectives

1. To establish a vetting and authorisation process designed to ensure that Company announcements:
 - are made in a timely manner;
 - are factual;
 - do not omit material information; and
 - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
2. To establish a process to promote understanding of compliance within the Company.
3. To safeguard the confidentiality of corporate information to avoid premature disclosure.

In respect to Periodic Disclosure, the Listing Rules and guidelines require that the Board will ensure that the Security Holders and the market are periodically provided with all information necessary to assess the performance of the Company and the Directors. Information to allow investors to monitor the performance of the Company is communicated by means of:

- the Annual Report which is available for distribution to all Security Holders;
- the Half-Yearly Report which is available for distribution to all Security Holders;
- periodic reports and special reports when matters of material interest arise; the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- The Company's website.

Responsibility

All Directors, Senior Executives and the Company Secretary are responsible for ensuring that the Company's continuous and periodic disclosure policy is adhered to. The CEO works with the Chairman (if these roles are separate) in respect to dealing with media contact and any external communications, such as analyst briefings.

PRINCIPLE 6: Respect the rights of Shareholders

The Charter for the Board of Directors and the Directors' Code of Conduct detailed at the beginning of this statement, and the Directors' and Officers' Share Trading Policy detailed at Principle 3, all recognise legal and other obligations and support the legitimate interests of all stakeholders.

Fundamental to the rights of shareholders is an effective communication system utilising the methods detailed in Principle 5 and the Company web site. It is very important to ensure a clear and balanced understanding of the aims and objectives of the Company, and the progress being made towards them, is readily determinable by interested parties.

The full text of Notices of General Meetings and any Explanatory Memorandums plus any other relevant announcements made to the market, and information provided to analysts, is promptly placed on the Company web site following release to the ASX.

PRINCIPLE 7: Recognise and manage risk

The Audit & Risk Committee Charter requires the Committee (if formed, otherwise the Board) to:

- ensure the Company's risk management policies and procedures are adequate;
- monitor compliance with the Company's risk management policies and procedures;
- keep itself apprised of the latest developments, policies and trends in relation to financial matters, rules and regulations to the extent that they may affect the Company or the market(s) in which the Company operates;
- oversee the establishment and implementation of a risk management system and review (at least annually) the effectiveness of the Company's implementation of that system;
- review the Company's internal financial control mechanisms and risk management policies;
- compile a risk profile of the material risks (including financial and non-financial matters) facing the Company;
- establish and implement a system for identifying, assessing, monitoring and managing material risk throughout the Company;
- review major non-financial regulatory matters through the use of a compliance monitoring reporting regime which covers the following areas of exposure:
 - environment;
 - safety and health;
 - asset protection (including insurance);
 - trade practices;
 - discrimination and harassment;
 - conflict of interest; and
 - ethical standards.

The Board oversees the establishment, implementation and annual review of the Company's risk management system. Management has established and implemented a risk management system for assessing, monitoring and managing all risks, including material business risks for the Group. The CEO will provide a statement to the Board in writing in respect to the integrity of the financial statements and the effective operation of the risk management and internal compliance and control systems.

PRINCIPLE 8: Remunerate fairly and responsibly

If a Nomination & Remuneration Committee is established (see previous comments regarding committees) the committee is charged with the responsibility to review and make recommendations to the Board on remuneration packages and policies related to the Non-executive Directors, CEO and senior executives of the Company, and ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resource objectives.

The Committee, in conjunction with the Chairman of the Company (where applicable), will review the performance of the CEO against the agreed parameters and responsibilities.

The Board has adopted a detailed Charter for a Nomination & Remuneration Committee. The Charter includes the following:

- Objectives;
- Composition;
- Meetings;
- Access; and
- Duties & responsibilities including:
 - recommendations for the appointment or removal of Directors;
 - assessment of necessary and desirable competencies including diversity attributes;
 - review succession plans;
 - evaluation of Board performance;
 - advice on Directors' remuneration;
 - advice on CEO's remuneration;

- o advice on senior management remuneration;
- o employment packaging;
- o staff policy and procedures;
- o reporting; and
- o remuneration reviews.

Directors' Remuneration

If an Executive Director is appointed, suitable remuneration will be approved by the Board. The Non-executive and Independent Directors are paid Director's fees by the Company which may be in the form of a cash payment to the Director, cash conditional upon the purchase of shares in the Company or the issue of Options to acquire shares (subject to shareholder approval). Proper expenses incurred in the course of the Company's operations are reimbursed. The maximum aggregate amount of Non-Executive and Independent Directors' fees must be approved by the Company in a General Meeting and in accordance with the Company's Constitution. The CEO, Independent and Non-executive Directors are not paid any retirement benefits other than superannuation.

The Board may, as it sees fit, establish a Long Term Incentive Plan ("LTIP") to encourage and reward enhanced performance by senior management and staff subject to the performance of the Company. The Company does not have an LTIP at present.

The Remuneration Report included each year in the Directors' Report component of the Annual Report details the remuneration policies of the Company.

The Charter for the Nomination & Remuneration Committee (where established, otherwise the Board) includes responsibility for assessing the necessary and desirable competencies of the Board members, and evaluating the performance of the Board.

Company Web Site

This Statement of Corporate Governance is available in the Corporate Governance section of the Company's website www.redgumresources.com together with further Corporate Governance information as appropriate.

Governance and policy reviews

The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

Declaration of independence to the Directors of Red Gum Resources Limited And Controlled Entities

As lead auditor of Red Gum Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Red Gum Resources Limited and the entities it controlled during the year.



Faizal Ajmat CA
Registered Company Auditor
Sydney, 29 September 2014
A.B.N. 12 977 693 143
PO Box 1283
GREEN VALLEY NSW 2168

Liability limited by a scheme approved under Professional Standards Legislation

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue – interest income	5	4,296	35,212
Office and administration expenses		(107,773)	(122,235)
Professional fees		(656,817)	(322,257)
Directors fees and remuneration	6	(296,571)	(399,970)
Depreciation expense	6	(720)	(2,376)
Finance costs	6	(8,785)	-
Other expenses		(53,700)	(37,289)
Loss before other items		(1,120,070)	(848,915)
Asset impairment expenses –capitalised project costs	6	(4,584,160)	-
Exploration expenses written off	6	(226,409)	(121,143)
Loss before tax		(5,930,639)	(970,058)
Income tax (expense)/benefit	7	(111,082)	-
Loss for the year attributable to members		(6,041,721)	(970,058)
Other Comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(126,361)	141,318
Total comprehensive income/(loss) for the year attributable to owners of the company		(6,168,082)	(828,740)
Losses attributable to owners of the company		(6,168,082)	(828,740)
Earnings per share		In cents	In cents
Basic and diluted earnings per share from continuing operations	25	(2.84)	(1.27)
Weighted average number of common shares outstanding:		Number	Number
Basic and dilutive		212,590,330	76,404,835

This statement should be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current Assets			
Cash and cash equivalents	11	2,074,889	771,013
Other receivables	12	189,585	57,269
Total Current Assets		<u>2,264,474</u>	<u>828,282</u>
Non-Current Assets			
Financial asset	13	-	-
Other receivables	12	-	248,495
Plant and equipment	14	584	1,304
Exploration and evaluation expenditure	15	560,771	4,682,070
Total Non-Current Assets		<u>561,355</u>	<u>4,931,869</u>
Total Assets		<u>2,825,829</u>	<u>5,760,151</u>
Current Liabilities			
Trade and other payables	17	222,378	485,892
Total Current Liabilities		<u>222,378</u>	<u>485,892</u>
Total Liabilities		<u>222,378</u>	<u>485,892</u>
Net Assets		<u>2,603,451</u>	<u>5,274,259</u>
Equity			
Issued Capital	20	10,449,282	7,084,364
Foreign Currency Translation Reserve		31,159	157,520
Share Option Reserve	20	201,743	69,387
Accumulated Losses		(8,078,733)	(2,037,012)
Total Equity		<u>2,603,451</u>	<u>5,274,259</u>

This statement should be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Changes in Equity For the financial year ended 30 June 2014

	Note	Ordinary Shares	Foreign Currency translation Reserve	Share Option Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
Balance 1 July 2012		6,049,789	16,202	23,129	(1,066,954)	5,022,166
Issue of shares during the year	20	1,124,681	-	-	-	1,124,681
Loss for the year		-	141,318	-	(970,058)	(828,740)
Equity based remuneration	20	-	-	46,258	-	46,258
Share issue costs during the year		(90,106)	-	-	-	(90,106)
Balance 30 June 2013		7,084,364	157,520	69,387	(2,037,012)	5,274,259
Balance 1 July 2013		7,084,364	157,520	69,387	(2,037,012)	5,274,259
Issue of shares during the year	20	3,673,596	-	-	-	3,673,596
Loss for the year		-	(126,361)	-	(6,041,721)	(6,168,082)
Equity based remuneration		-	-	-	-	-
Share issue costs during the year		(308,678)	-	132,356	-	(176,322)
Balance 30 June 2014		10,449,282	31,159	201,743	(8,078,733)	2,603,451

This statement should be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Payments to suppliers and directors		(1,294,229)	(787,355)
Net Cash (used in)/provided by operating activities	22	(1,294,229)	(787,355)
Cash flows from investing activities			
Interest received		4,296	35,205
Payments for exploration expenditure		(792,381)	(2,275,489)
Payments for plant and equipment		-	-
Net Cash (used in)/provided by investing activities		(788,085)	(2,240,284)
Cash flows from financing activities			
Proceeds from the issue of share capital		3,143,632	1,124,681
Convertible note proceeds		529,963	-
Payments for share issue costs		(287,405)	(117,607)
Net Cash provided by/(used in) financing activities		3,386,190	1,007,074
Net increase/(decrease) in cash and cash equivalents		1,303,876	(2,020,565)
Cash and cash equivalents at the beginning of the financial year		771,013	2,791,578
Cash and cash equivalents at the end of the financial year	11	2,074,889	771,013

This statement should be read in conjunction with the Notes to the Financial Statements



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

1. Nature of operations

Red Gum Resources Limited's and its subsidiaries' ("Group") principal activity is mineral exploration.

The Group is focusing on the IOGC Belt in Region IV of Chile and the central Peruvian Polymetallic Belt because the potential for the discovery of large base metal (Cu-Pb-Zn-Ag) and copper-gold deposits is exceptional. Its exploration portfolio is actively managed and rationalised as part of the management process, ensuring only the best projects are retained and explored. Since the year end the Company announced its intentions to refocus from the resources sector to the leisure and tourism sectors, refer to "Subsequent Events" for further details.

2. Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Significant accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report covers the Company, Red Gum Resources Limited ("Company") and its 100% subsidiaries Red Gum Resources (Peru) Pty Ltd and Central Peru Resources SAC ("Group").

Red Gum Resources Limited is a public company, incorporated and domiciled in Australia. The registered office is Suite 9, 75A Angas Street, Adelaide SA 5000.

The Company was incorporated on 11 May 2006.

The financial statements for the year ended 30 June 2014 (including the comparatives) were approved by the Board of Directors on 29 September 2014.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company or its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

Basis of consolidation (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

The accounting policies have been consistently applied, unless otherwise stated.

3. Critical accounting judgment and key sources of estimated uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual figures may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Refer below or elsewhere in the financial statements for a discussion of critical judgements in applying the Group's accounting policies, and key sources of estimation uncertainty.

Key sources of uncertainty

The useful lives of plant and equipment are described in note 4(j); the Company reviews the estimated useful lives at the end of each annual reporting period. Note 4(h) also discusses exploration, evaluation and development expenditure reviews.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

4. Summary of accounting policies

The significant accounting policies that have been used in the preparation of these general purpose financial statements are summarised below.

a. Presentation

The consolidated financial statement incorporated the assets and liabilities of Red Gum Resources Limited and its subsidiaries ("Group") as at 30 June 2014 and the result for the year then ended. Red Gum Resources Limited is referred to in this financial report as the Company, parent or economic entity.

b. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the sale of minerals is recognised on delivery to the customer.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

c. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in results in the period in which they are incurred.

d. Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the statement of comprehensive income when the tax relates to items that are credited or charged directly to equity.

The Company adopts the balance sheet method of tax – effect accounting. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

e. Trade receivables

Trade receivables and other receivables are carried at amounts due less any provision for specific doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

f. Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

g. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

h. Exploration, evaluation and development expenditure

Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each current identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation assets are assessed for impairment when fact and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Provision for restoration and rehabilitation

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

i. Plant and equipment

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

j. Depreciation

Items of plant and equipment are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life. The straight line method of depreciation is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. An asset carrying amount is written down immediately to its recoverable amount, if the asset carrying amount is greater than its estimated recoverable amount, gain and losses on disposals are determined by comparing proceeds with the carrying amount. These gain and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

k. Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

l. Financial assets and liabilities

The net market values of the Company's financial assets and liabilities approximate their carrying amounts.

m. Cash

Cash and cash equivalents included cash on hand, deposits held at call with banks and other short term highly liquid investment with original maturities of three months or less.

n. Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

o. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated in the Balance Sheet inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

p. Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income under "other income" or "other expenses".

In the Group's financial statements, assets and liabilities have been translated into Australian Dollars at the closing rate at the balance date. Income and expenses have been translated into the Group's presentation currency at the average rates over the reporting period. Any differences arising from this procedure have been charged/credited to the currency translation reserve in equity.

q. New accounting standards and interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Accounting Standards Board ("AASB") that are relevant to their operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations have not resulted in any significant change to the Group's accounting policies.

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2014. Information on these new standards is presented below.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates). The Group has no joint arrangements within the scope of AASB 11. AASB 11 requires the use of equity accounting for joint ventures.

The application of AASB 11 did not have a material impact on the financial statement including cash flows nor on the earnings per share for the year ended 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

q. New accounting standards and interpretations (continued)

AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. There are no such investments in the current year.

Consequential amendments to AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures

AASB 127 now only addresses separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year, see Notes 27 and 28.

These amendments have had no material impact on the Group.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

AASB 119 has been applied retrospectively in accordance with its transitional provisions, change has had no impact on the presentation of annual leave.

These amendments have had no material impact on the Group.

Accounting standards issued but not yet effective and not been adopted early by the Group

The Group notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2014. These standards have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

q. New accounting standards and interpretations (continued)

- (i) ***AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2010-10 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2018), AASB 2013-9 Amendments to Australian Accounting Standards – conceptual framework, Materiality and Financial Instruments and AASB 201-1 Amendments to Australian Accounting Standards.***

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
 - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
 - The remaining change is presented in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

- (ii) ***AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities***

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

- (iii) ***AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets***

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

- (iv) ***AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting***

AASB 2013-4 makes amendments to AASB 139 Financial Instruments: Recognition & Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

q. New accounting standards and interpretations (continued)

(v) **AASB 1031 Materiality (December 2013)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.

(vi) **AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)**

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

(vii) **AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)**

These amendments:

- add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to '1 January 2018'.

The entity has not yet assessed the full impact of these amendments.

(viii) **AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)**

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- (a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- (b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

q. New accounting standards and interpretations (continued)

(ix) AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119))

Part B of AASB 2014-1 makes amendments to AASB 119 Employee Benefits to incorporate the IASB's practical expedient amendments finalised in International Financial Reporting Standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

(x) AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

(xi) AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments are first adopted for the year ending 30 June 2017, they are unlikely to have any significant impact on the entity.

(xii) AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

The entity has not yet assessed the full impact of these amendments.

(xiii) IFRIC Interpretation 21 Levies

IFRIC 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time for the year ending 30 June 2015, there will be no significant impact on the financial statements as the Group is not subject any levies addressed by this interpretation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

q. New accounting standards and interpretations (continued)

(xiv) **IFRS 15 Revenue from Contracts with Customers**

Superseded: IAS 18 Revenue IAS 11 Construction Contracts IFRIC 13 Customer Loyalty Programmes IFRIC 15 Agreements for the Construction of Real Estate IFRIC 18 Transfer of Assets from Customers.

IFRS 15:

- replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations
- establishes a new control-based revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue.

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers) by September 2014

The entity has not yet assessed the full impact of these amendments.

(xv) **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)**

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) have been issued the equivalent Australian amendment as AASB 2014-4.

When these amendments are first adopted for the year ending 30 June 2017, they are unlikely to have any significant impact on the entity.

(xvi) **Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)**

The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should:

- apply all of the principles on business combinations accounting in AASB 3 and other AASBs except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by AASB 3 and other AASB's.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

The entity has not yet assessed the full impact of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

q. New accounting standards and interpretations (continued)

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective and has not yet assessed the impact of these standards.

r. Going concern

The consolidated Group has recorded a comprehensive loss attributable to equity holders of \$6,168,082 (2013: \$828,740), however the Group has net assets of \$2,603,451 (2013: \$5,274,259) and cash and cash equivalents of \$2,074,889 (2013: \$771,013). The Directors believe that the going concern basis of accounting is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated Group not continue as a going concern.

5. Revenue

	2014 \$	2013 \$
Interest revenue –bank	4,296	35,212

6. Expenses

Loss on continuing operations included:	2014 \$	2013 \$
Depreciation	720	2,376
Asset impairment expenses – capitalised project costs (Note 15)	4,584,160	-
Exploration costs expensed (Note 15)	226,409	121,143
Finance costs for the reporting periods consist of interest on Convertible Loan (Note 17).	8,785	-
Interest under the loan was charged at 12% (2013: nil) for 51 days.		
<i>Directors fees and remuneration</i>		
Directors fees and remuneration–total (Note 8 and 26)	327,822	510,061
Directors remuneration –reallocated to projects (Note 15)	(31,251)	(110,091)
Directors fees and remuneration –income statement	296,571	399,970

7. Income tax expense

	2014 \$	2013 \$
a. The components of tax expense comprise:		
Current tax	(111,082)	-
b. The prima facie tax on the loss before income tax is reconciled to the income tax as follows:		
Profit/(loss) before tax	(5,930,639)	(970,058)
Prima facie tax payable on profit/(loss) before income tax at 30% (2013: 30%)	1,779,192	291,017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

7. Income tax expense (continued)

	2014 \$	2013 \$
Increase/(decrease) in income tax expense due to:		
Non-allowable capital items	(111,082)	-
Non-deductible expenses	(4,711)	(1,179)
Other deductions	78,848	20,355
(Under)/over provision in prior year	(1,678)	69,319
Tax losses carried forward and not brought into account	(1,851,651)	(379,512)
Income tax (expense)/benefit	(111,082)	-

8. Key management personnel compensation

a. Names and positions held of Company's key management personnel in office at any time during the financial year are:

Key management person positions

Dr Raymond D Shaw	Chairman (appointed 11 May 2006)
Mr Edwin Bulseco	Director – Non Executive (appointed 5 March 2014)
Ms Jennifer Tobin	Director – Non Executive (appointed 14 June 2013)
Mr Torey Marshall	Director – Non Executive (appointed 16 June 2007, resigned 6 January 2014)

b. Compensation practices

Table of Benefits and Payments for the Year Ended 30 June 2014

The following table sets forth all annual and long term compensation for services in all capacities to the consolidated entity for the two most recently completed financial years, in respect of the individual(s) who were, at the end of the most recently completed financial year, acting as directors or executive officers.

Name and Position	Year	Salary \$	Option based Remuneration \$	Other Annual Compensation and Superannuation \$	Total \$
Dr Raymond Shaw Chairman Appointed 11 May 2006					
Executive Director	2014	229,575	-	30,739	260,314
Executive Director (from 1 April 2013)	2013	59,547	-	2,953	62,500
Non-Executive Director (to 31 March 2013)	2013	39,373	-	3,544	42,917
	2013	98,920	-	6,497	105,417
Edwin Bulseco Non-executive Director Appointed 5 March 2014					
	2014	12,000	-	-	12,000
	2013	-	-	-	-
Torey Marshall Non-executive Director Appointed 16 June 2007 Resigned 6 January 2014					
	2014	18,000	-	-	18,000
	2013	40,000	-	-	40,000
Jennifer Tobin Non-Executive Director Appointed 14 June 2013					
	2014	32,952	-	3,048	36,000
	2013	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

8. Key management personnel compensation (continued)

Name and Position	Year	Salary \$	Option based Remuneration \$	Other Annual Compensation and Superannuation \$	Total \$
Dr Paul Pearson Managing Director Appointed 1 July 2011 Resigned 5 June 2013	2014	-	-	-	-
	2013	296,799	46,257	21,588	364,644
Total	2014	292,527	-	33,787	326,314
	2013	435,719	46,257	28,085	510,061

Notes:

- (1) Remuneration is not based on performance criteria.
- (2) Remuneration is not currently linked to company performance or share price.
- (3) Dr Paul Pearson vested options were valued using Black-Scholes at \$nil (2013: \$46,257).

Non-Executive remuneration

During the year ended 30 June 2014 non-executive remuneration amounted to \$66,000 (2013: \$82,917).

Non-executive remuneration commenced on 17 January 2012 following the successful listing on the ASX. The fee scales entitled to be paid, per annum amount to:

- Non-executive director remuneration
 - from January 2012 to January 2013 \$48,000 per annum;
 - from February 2013 to June 2013 \$30,000 per annum; and
 - From July 2013 \$36,000 per annum
- Non-executive Chairman remuneration
 - from January 2012 to January 2013 \$65,000 per annum; and
 - from February 2013 to March 2013 \$48,000 per annum.

Fees and payments to non-executive directors will reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board will ensure that all directors' fees and payments are appropriate and in line with the market.

Chairman's remuneration

Dr Shaw's remuneration package as an Executive Chairman comprised \$250,000 remuneration (including superannuation) per annum. As announced to the market, from 1 April 2014, Dr Shaw renegotiated package which included director's fees of \$36,000 per annum and an additional daily consulting fee of \$1,100 (excluding GST) if he works more than 40 hours per month (any monthly consulting fee is reduced by the applicable proportion of the annual director's fees) under the Consultancy Agreement with Vanibe Pty Ltd. Dr Shaw has effective control over Vanibe Pty Ltd.

During the period 1 July 2013 until 30 June 2014 gross executive remuneration amounted to \$260,314 (2013: \$62,500) and directors fees amounted to \$nil (2013: 42,917). At 30 June 2014 \$66,540 (2013: \$2,000) was payable, including annual leave provision of \$16,828 (2013: \$nil).

9. Auditors remuneration

	2014 \$	2013 \$
Remuneration for the audit of the annual financial report	17,000	16,775
Remuneration for the review of the half year financial report	4,985	4,725
Other	-	2,502
Total auditors remuneration	21,985	24,002



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

10. Subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	% of ownership interest and voting power held by the Group	
			2014	2013
Red Gum Resources (Chile) Pty Ltd	Exploration	Australia	100%	100%
Red Gum Resources (Peru) Pty Ltd	Exploration	Australia	100%	100%
Red Gum Chile SpA.	Exploration	Chile	100%	100%
Central Peru Resources SAC	Exploration	Peru	99.99%	99.99%

In July 2011, Red Gum Resources Limited set up a 100% subsidiary, Red Gum Resources (Chile) Pty Ltd to hold 100% of Red Gum Resources Chile SpA. Red Gum Resources Chile SpA had no assets or liabilities at the date of purchase.

In October 2009 Red Gum Resources Limited set up a 100% subsidiary, Red Gum Resources (Peru) Pty Ltd to purchase 99.9% of Central Peru Resources SAC ("CPR"), a Peruvian company. CPR has no assets or liabilities at date of acquisition other than the four licences in the central Peruvian Polymetallic Belt with a book value of \$70,000:

- Cerro Hauncash
- Chongos A
- Chongos B
- Chongos C

Red Gum Resources Limited issued 700,000 ordinary shares in full consideration for CPR's equity, with a deemed value of \$70,000 being \$0.10 per share (refer to Note 20 for further details). The remaining 0.01% is held by Torey Marshall in order to comply with the local legal requirements, over which the Company has power of attorney.

11. Cash and cash equivalents

	2014 \$	2013 \$
Cash at bank	2,074,889	771,013

For the purposes of the statement of cash flow, cash and cash equivalents include cash in hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position shown above.

12. Other receivables

	2014 \$	2013 \$
Current		
Goods and service tax receivable	42,671	26,315
Other receivables	146,914	30,954
	189,585	57,269
Non-Current		
Overseas goods and service tax receivable	-	248,495

Other receivables arise from transactions outside the usual operating activities of the Company and are unsecured, interest free and repayable on demand. The majority of the Other Receivables relate to a \$125,000 new venture transaction ("Transaction") fee payable to DJ Carmichael Pty Ltd ("DJC") under the Mandate Letter dated 27 February 2014. The Transaction fee is to be refunded if the transaction does not succeed.

There are no balances that are past due and impaired. It is expected these balances will be received when demanded.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

13. Financial Assets

	Parent	
	2014	2013
	\$	\$
Consolidated Group		
Non-current financial assets		
Shares in controlled entity	-	-
Parent		
Non-current financial assets		
Shares in controlled entity	70,000	70,000

During the year ended 30 June 2010 shares in a controlled entity, Central Peru Resources SAC were acquired by Red Gum Resources (Peru) Pty Ltd for a consideration of 700,000 shares with a deemed value of \$70,000 (2013: \$70,000) (refer to note 10 for further details).

14. Plant and equipment

	Plant & Equipment	
	2014	2013
	\$	\$
At cost	14,601	14,601
Accumulated depreciation	(14,017)	(13,297)
Total plant & equipment	584	1,304
Movement in carrying amounts		
Gross carrying amount at the beginning of the year	1,304	7,183
Depreciation expense	(720)	(5,879)
Gross carrying amount at the end of the year	584	1,304

The following useful lives are used in the calculation of depreciation:

- Plant & equipment 3 to 40 years

15. Exploration and evaluation expenditure

	2014	2013
	\$	\$
Gross carrying amount at the beginning of the year	4,682,070	3,301,130
Amounts capitalised during the year	411,894	1,380,940
Foreign exchange on translation	50,967	-
Amounts written off during the year	(4,584,160)	-
Gross carrying amount at the end of the year	560,771	4,682,070

During the year ended 30 June 2014 \$226,409 (2013: \$121,143) of Project Costs were expensed in the Statement of Profit or Loss and Other Comprehensive Income. In addition, \$4,584,160 (2013: \$nil) of capitalised project costs were written off as impaired during the year. The directors have reviewed the Capitalised Project Costs and do not consider that any further impairment is necessary for the year ended 30 June 2014.

The following mineral projects are currently held by the Company:

Project description	Project code	Location	Area (approx)	Interest held
Cerro Huancash ⁽¹⁾	n/a	Peru	5.76 km ²	100%
Chongos A ⁽¹⁾	n/a	Peru	10 km ²	100%
Chongos B ⁽¹⁾	n/a	Peru	9 km ²	100%
Chongos C ⁽¹⁾	n/a	Peru	9 km ²	100%
La Negra ⁽²⁾	n/a	Chile	20 km ²	100%
Majada ⁽³⁾	n/a	Chile	5.8 km ²	⁽³⁾



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

15. Exploration and evaluation expenditure (continued)

Capitalised Expenditure:	2014 \$	2013 \$
Cerro Huancash ⁽¹⁾	360,771	325,987
Chongos A ⁽¹⁾	-	139,084
Chongos B ⁽¹⁾	-	137,080
Chongos C ⁽¹⁾	-	128,811
La Negra ⁽²⁾	200,000	3,125,407
Majada ⁽³⁾	-	825,701
	<u>560,771</u>	<u>4,682,070</u>

1. The Company through its wholly owned subsidiary, Red Gum Resources (Peru) Pty Ltd holds all 99.99% of the shares in the Central Peru Resources ("CPR") (refer to Note 10 for further details), which in turn holds 100% of the four Peruvian Projects. The \$70,000 acquisition cost has been capitalised as tenement cost.
2. During the prior year ended 30 June 2012 the Company exercised the Option Deed dated 10 November 2009, with Inversiones y Minería Andale Ltda (Andale) for a total consideration of USD \$1,020,000 and the issue of 1,000,000 shares in the Company (refer to Note 20 for further details), whereby the Company has been granted an option to acquire 100% of the interest in La Negra. In accordance with Chilean law, in September 2011 the Company established a wholly owned Chilean subsidiary called Red Gum Resources Chile SpA (Red Gum Chile). Under the La Negra Option Red Gum Chile acquired the La Negra project which is made up of the exploration mining concessions named "Karina 1", "Karina 2", "Karina 3", "Karina 4", "Karina 5", "Karina 6", "Karina 7", "Karina 8" and "Karina 9", and the exploitation mining concessions named "Karina 1/20" and "Karina 21/40". The La Negra Option is registered in the Mortgages and Encumbrances Registry of the Custodian of Mines of Combarbalá.
3. 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 it could earn a 100% interest. In withdrawing the Company no longer has any financial obligations 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.

16. Deferred tax assets

There are no recognised deferred tax assets at the 30 June 2014 (2013: \$nil).

17. Current liabilities –trade and other payables

	2014 \$	2013 \$
Trade payables	41,387	365,156
Accruals	164,163	115,808
Employee benefits - annual leave provision	16,828	4,928
	<u>222,378</u>	<u>485,892</u>

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

Employee benefits

The provision for employee benefits represents annual leave entitlements accrued and compensation claims made by employees. At the 30 June 2014 the annual leave provision amounted to \$16,828 (2013: \$4,928).

Convertible loan

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").

On 29 April 2014, the Loans were converted into 176,654,220 Ordinary Shares, 44,163,555 RGXOA Options following shareholder approval at an Extraordinary General Meeting ("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. Red Gum also issued free attaching options exercisable at \$0.01 per share on or before 15 November 2017.

Interest under the loan was charged at 12% for 51 days, \$8,785 being paid in April 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

18. Tax

	2014 \$	2013 \$
Liabilities		
CURRENT		
Income Tax	-	-
Assets		
NON-CURRENT		
Deferred tax asset	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 4(d) occur:

—tax losses: to date \$2,553,776 (2013: \$702,125)

19. Provisions

The Company has no provisions at 30 June 2014 (2013: \$nil). No employees are eligible for long-term employee benefits at 30 June 2014 (2013: \$nil).

20. Issued capital

a. Shares Issued and Outstanding

	2014 \$	2013 \$
832,000,000 (2013: 112,468,097) ordinary shares	10,449,282	7,084,364
Ordinary shares		
At the beginning of reporting period	7,084,364	6,049,789
Shares issued during the year		
- Shares issued 19 November 2013 ⁽¹⁾	300,000	-
- Shares issued 3 February 2014 ⁽²⁾	5,611	-
- Shares issued 14 April 2014 ⁽³⁾	465,618	-
- Shares issued 17 April 2014 ⁽⁴⁾	116,404	-
- Shares issued 28 April 2014 ⁽⁵⁾	529,963	-
- Shares issued 23 May 2014 ⁽⁶⁾	1,200,000	-
- Shares issued 10 June 2014 ⁽⁷⁾	1,056,000	-
Shares issued during the prior year		
- Shares issued 12 June 2013 ⁽⁸⁾	-	186,690
- Shares issued 18 June 2013 ⁽⁹⁾	-	937,991
Total shares issued during the year	3,673,596	1,124,681
Less: Share issue costs	(308,678)	(90,106)
At the end of reporting period	10,449,282	7,084,364

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

20. Issued capital (continued)

	2014 No.	2013 No.
Ordinary shares		
At the beginning of reporting period	112,468,097	74,978,727
Shares issued during the year:		
- Shares issued 19 November 2013 ⁽¹⁾	15,000,000	-
- Shares issued 3 February 2014 ⁽²⁾	1,870,215	-
- Shares issued 14 April 2014 ⁽³⁾	155,205,975	-
- Shares issued 17 April 2014 ⁽⁴⁾	38,801,493	-
- Shares issued 28 April 2014 ⁽⁵⁾	176,654,220	-
- Shares issued 23 May 2014 ⁽⁶⁾	200,000,000	-
- Shares issued 10 June 2014 ⁽⁷⁾	132,000,000	-
Shares issued during the prior year		
- Shares issued 12 June 2013 ⁽⁸⁾	-	6,223,005
- Shares issued 18 June 2013 ⁽⁹⁾	-	31,266,365
Total shares issued during the year	719,531,903	37,489,370
At the end of reporting period	832,000,000	112,468,097

Notes:-

Current Reporting Period

- (1) On 19 November 2013, 15,000,000 ordinary shares were issued at \$0.02 per share.
 (2) On 3 February 2014, 1,870,215 ordinary shares were issued at \$0.003 per share.
 (3) On 14 April 2014, 155,205,975, ordinary shares were issued at \$0.003 per share under an Entitlement Offer.
 (4) On 17 April 2014, 38,801,493 ordinary shortfall shares were issued at \$0.003 per share under an Entitlement Offer.
 (5) On 28 April 2014, 176,654,220 ordinary shares were issued at \$0.003 per share on the conversion of a Convertible Loan for \$529,963.
 (6) On 23 May 2014, 200,000,000 ordinary shares were issued at \$0.006 per share.
 (7) On 10 June 2014, 132,000,000 ordinary shares were issued at \$0.008 per share.

Prior reporting period

- (8) On 12 June 2013, 6,223,005 ordinary shares (Entitlement Offer Shares) were issued under the fully underwritten pro rata renounceable entitlement offer, detailed in the prospectus dated 9 May 2013.
 (9) On 18 June 2013, 31,266,365 'shortfall' shares were issued under the fully underwritten pro rata renounceable entitlement offer.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Share Option Reserve

	2014 \$	2013 \$
Equity based remuneration		
At the beginning of the year	69,387	23,129
Broker and Underwriter Options issued	132,356	-
Share Options issued to Dr Paul Pearson	-	46,258
At the end of the year	201,743	69,387

The share option reserve records items recognised on the valuation of share options over the vesting period.

During the year the following Options were issued as part of broker and underwriter agreements, as part of the Company's share issue costs; the majority of the Options were Quoted Options and therefore valued at market value:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

20. Issued capital (continued)

- On 2 August 2013 5,000 free Unquoted Options with a Black-Scholes option value of \$7,000; and 36,266,365 free Options were issued at a market value of \$36,266;
- On 5 August 2013 6,222,998 free Options were issued at a market value of \$6,223;
- On 28 April 2014 40,000,000 free Options were issued at a market value of \$40,000;
- On 23 May 2014 16,867,018 free Options were issued at a market value of \$16,867; and
- On 10 June 2014 26,000,000 free Options were issued at a market value of \$26,000.

On 8 December 2011, 3,000,000 Options were issued to Managing Director, Dr Paul Pearson. The Options' fair values were valued using Black-Scholes option pricing model. The valuation amounted to \$323,800 over the vesting period ending on 25 November 2018. In the year ended 30 June 2014, \$nil (2013: \$46,258) has been charged to the comprehensive income statement. Dr Pearson resigned as Managing Director on 5 June 2013, and as a result it was announced on 6 August 2013 (Refer "Subsequent Events") that these options had been cancelled.

The Black-Scholes option pricing model was based on an interest free rate of 4% (2013: 5.5%) and 75% volatility.

c. Shares Options

The Company has the following history of share options outstanding:

	Number of Quoted Options	Number of Unquoted Options	Weighted Average Exercise Price
At 1 July 2012	-	4,000,000	\$0.40
- Issued 12 June 2013 ⁽¹³⁾	3,111,506	3,111,506	\$0.08
- Issued 18 June 2013 ⁽¹⁴⁾	15,633,184	15,633,184	\$0.08
At 30 June 2013	18,744,690	22,744,690	\$0.12
At 1 July 2013	18,744,690	22,744,690	\$0.12
- Issued 2 August 2013 ⁽¹⁾	36,266,365	5,000,000	\$0.11
- Issued 5 August 2013 ⁽²⁾	6,222,998	-	\$0.10
- Cancelled on 6 August 2013 ⁽³⁾	-	(3,000,000)	\$0.40
- Expired 15 November 2013 ⁽⁴⁾	-	(18,744,690)	(\$0.07)
- Issued 14 April 2014 ⁽⁵⁾	38,801,500	-	\$0.01
- Issued 17 April 2014 ⁽⁶⁾	9,700,373	-	\$0.01
- Issued 28 April 2014 ⁽⁷⁾	40,000,000	-	\$0.01
- Issued 28 April 2014 ⁽⁸⁾	44,163,555	-	\$0.01
- Issued 28 April 2014 ⁽⁹⁾	467,554	-	\$0.01
- Issued 23 May 2014 ⁽¹⁰⁾	16,867,018	-	\$0.01
- Expired 9 June 2014 ⁽¹¹⁾	-	(1,000,000)	(\$0.25)
- Issued 10 June 2014 ⁽¹²⁾	26,000,000	-	\$0.01
At 30 June 2014	237,234,053	5,000,000	\$0.04

The following table summarises information about the share options outstanding:

Expire Date	Number of Options 2014	Exercise Price 2014	Number of Options 2013	Exercise Price 2013
15 November 2013 ^(4,13,14)	-	-	18,744,690	\$0.07
25 November 2014 ⁽³⁾	-	-	1,000,000	\$0.25
1 March 2016 ^(1,2,3,13,14)	61,234,053	\$0.10	18,744,690	\$0.10
30 April 2016 ⁽²⁾	5,000,000	\$0.15	-	-
25 November 2016 ⁽³⁾	-	-	1,000,000	\$0.30 or \$0.35
15 November 2017 ^(5,6,7,8,9,10,12)	176,000,000	\$0.01	-	-
25 November 2017 ⁽³⁾	-	-	1,000,000	\$0.35 or \$0.40
25 November 2018 ⁽³⁾	-	-	1,000,000	\$0.40 or \$0.60
Balance at end of period	242,234,053	\$0.04	41,489,380	\$0.12

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

20. Issued capital (continued)

Notes:

Current year

- (1) On 2 August 2013, 36,266,365 free quoted options (exercise price \$0.10 expiring 1 March 2016) were issued to broker, underwriter and sub-underwriters pursuant to the fully underwritten renounceable rights issue.
- (2) On 5 August 2013, 6,222,998 free quoted options (exercise price \$0.10 expiring 1 March 2016) and 5,000,000 free unquoted options (issue price \$0.15 expiring 30 April 2016) were issued to sub-underwriters pursuant to the fully underwritten renounceable rights issue.
- (3) On 6 August 2013, 3,000,000 quoted options were cancelled following the resignation of Managing Director Dr Pearson.
- (4) On 15 November 2013 18,744,690 quoted options expired unexercised.
- (5) On 14 April 2014, 38,801,500 quoted options were issued under an Entitlement Offer, exercise price \$0.01 expiring 15 November 2017.
- (6) On 17 April 2014, 9,700,373 quoted options were issued under the Entitlement Offer shortfall, exercise price \$0.01 expiring 15 November 2017.
- (7) On 28 April 2014, 40,000,000 free quoted options were issued to the underwriter, exercise price \$0.01 expiring 15 November 2017.
- (8) On 28 April 2014, 44,163,555 quoted options were issued on the conversion of a Convertible Loan, exercise price \$0.01 expiring 15 November 2017.
- (9) On 28 April 2014 467,554 attaching quoted options were issued, exercise price \$0.01 expiring 15 November 2017.
- (10) On 23 May 2014, 16,867,018 free quoted options were issued to the brokers, exercise price \$0.01 expiring 15 November 2017.
- (11) On 9 June 2014, 1,000,000 quoted options expired unexercised.
- (12) On 10 June 2014, 26,000,000 free quoted options were issued to the brokers, exercise price \$0.01 expiring 15 November 2017.

Prior year

- (13) On 12 June 2013, 3,111,506 free unquoted options (issue price \$0.07 expiring 15 November 2013) and 3,111,506 free quoted options (issue price \$0.10 expiring 1 March 2016) were issued on the basis of one free unquoted option and one free quoted option for every two ordinary shares issued under the fully underwritten pro rata renounceable entitlement offer, detailed in the prospectus dated 9 May 2013.
- (14) On 18 June 2013, 15,633,184 free unquoted options (issue price \$0.07 expiring 15 November 2013) and 15,633,184 free quoted options (issue price \$0.10 expiring 1 March 2016) were issued on the basis of one free unquoted option and one free quoted option for every two ordinary shares issued under the fully underwritten pro rata renounceable entitlement offer.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

The management's objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

The management monitors capital on the basis of debt to equity ratio. This ratio is calculated as net liabilities divided by equity. Net liabilities is "Total liabilities" as shown on the consolidated statement of financial position less cash and cash equivalent and equity is "equity" as shown on the consolidated statement of financial position.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year, which is to seek to maintain the asset to equity ratio at 38%. The liability-equity ratios as at 30 June 2014 and 30 June 2013 are as follows:

	2014	2013
	\$	\$
Total liabilities	222,378	485,892
Less: Cash and cash equivalents	(2,074,889)	(771,013)
Net (assets)/ liabilities	(1,852,511)	(285,121)
Total equity	2,603,451	5,274,529
Net assets to equity ratio	(71)%	(5)%

The increase in assets to equity ratio during 2014 is primarily due to \$3,143,632 cash share issue offset by operating loss and exploration expenditure during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

21. Segmental information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical location. The Group's reportable segments under AASB 8 are therefore as follows:

- Australia
- Peru
- Chile

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Australia \$	Peru \$	Chile \$	Total \$
30 June 2014				
REVENUE				
Total revenue -external interest received	4,296	-	-	4,296
RESULT				
Segment result	(1,111,285)	(604,575)	(4,205,994)	(5,921,854)
Finance costs	(8,785)	-	-	(8,785)
Loss before income tax	(1,120,070)	(604,575)	(4,205,994)	(5,930,639)
Income tax expense	(111,082)	-	-	(111,082)
Loss after income tax	(1,231,152)	(604,575)	(4,205,994)	(6,041,721)
ASSETS				
Segment assets	2,262,918	360,901	202,010	2,825,829
LIABILITIES				
Segment liabilities	220,958	1,186	234	222,378
OTHER				
Depreciation and amortisation of segment assets	720	-	-	720
30 June 2013				
REVENUE				
Total revenue -external interest received	35,212	-	-	35,212
RESULT				
Segment result	(849,284)	(15,848)	(104,926)	(970,058)
Finance costs	-	-	-	-
Loss before income tax	(849,284)	(15,848)	(104,926)	(970,058)
Income tax expense	-	-	-	-
Loss after income tax	(849,284)	(15,848)	(104,926)	(970,058)
ASSETS				
Segment assets	1,238,182	378,578	4,143,391	5,760,151
LIABILITIES				
Segment liabilities	202,994	2,168	280,730	485,892
OTHER				
Depreciation and amortisation of segment assets	2,376	-	-	2,376

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

21. Segmental information (continued)

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, exploration and evaluation expenditure and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Company at an arm's length. These transfers are eliminated on consolidation. At 30 June 2014 and 30 June 2013 there were no such intersegment transfers.

22. Cash flow information

	2014 \$	2013 \$
Reconciliation of loss for the period to net cash flows from operating activities		
Loss	(6,041,721)	(970,058)
Non-cash flows in profit/(loss) from ordinary activities		
- Depreciation	720	2,376
- Impairment of current assets – capitalised project costs	4,584,160	-
- Interest received and receivable	(4,296)	(35,205)
- Share options expensed	-	46,258
- Unrealised foreign exchange loss	-	175,712
- Tax on share issue costs	111,082	-
Changes in assets and liabilities		
-(Increase)/decrease in other receivables	166,174	(165,235)
-Increase/(decrease) in trade creditors and accruals	(110,348)	158,797
Net cash (used in)/provided by operating activities	(1,294,229)	(787,355)

23. Exploration expenditure commitments

	2014 \$	2013 \$
No longer than 1 year	57,000	57,000
Longer than 1 year and not longer than 5 years	228,000	228,000
Longer than 5 years	57,000	57,000
	342,000	342,000

The exploration expenditure commitments relate to the Group's share of exploration and evaluation expenditure required to comply with the licence terms issued by the relevant regulatory body and in accordance with the agreements listed below.

These obligations may be subject to re-negotiation, may be farmed out or may be terminated as a result of relinquishment. They have not been provided for in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

23. Exploration expenditure commitments (continued)

La Negra (Chile)

The Group must maintain the La Negra project in good administrative standing; at the 30 June 2014 these costs are estimated at \$48,000 (2013: \$48,000) per annum.

Central Peru Polymetallic Belt (Peru)

In addition to the Management Agreement termination commitments set out above, the Group must maintain the Peruvian projects in good administrative standing; at the 30 June 2014 these costs are estimated at \$9,000 (2013: \$9,000) per annum.

24. Other financial liabilities and commitments

The Company and DJ Carmichael Pty Ltd ("DJC") entered into a Mandate Letter during the year, whereby DJC would provide corporate advisory services including but not limited to leading and co-ordinating the new venture transaction ("Transaction"). The agreement provided a monthly advisory fee of \$8,500 be paid quarterly. Additionally, and following the completion of the Transaction Capital Raising a fee of \$175,000 is payable. The Mandate Letter was terminated during the year and no monthly advisory fees are payable after 30 June 2014. The Transaction Fee was subsequently renegotiated down to \$125,000 and has been paid at 30 June 2014, in advance. The Transaction Fee is to be refunded if the Transaction does not succeed and it is included as a prepayment in Note 12.

The Company has engaged Allinson Accounting Solutions Pty Ltd to provide annual accounting and administrative services at a fee of \$36,000 per annum (2013: \$36,000).

There are no other financial liabilities, leasing commitments, capital commitments, or provision at the 30 June 2014 (2013: \$nil). Refer to note 23 for detail of exploration expenditure commitment and note 8 for employment agreements.

25. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of Red Gum Resources Limited as the numerator.

The weighted average number of shares for the purposes of calculating the basic and diluted number of shares is 212,590,330 (2013: 76,404,835). The Options are not dilutive as at 30 June 2014 or 30 June 2013.

26. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and balances with related parties:	2014 \$	2013 \$
Directors fees		
Directors remuneration payable to Dr Raymond Shaw ⁽¹⁾	260,314	105,417
Directors fees payable to Edwin Bulseco (appointed 5 March 2014)	12,000	-
Directors fees payment to Torey Marshall (resigned 6 January 2014) ⁽²⁾	18,000	40,000
Directors fees payable to Jennifer Tobin	36,000	-
Directors remuneration payable Paul Pearson	-	364,644
Directors fees and remuneration (Note 8)	326,314	510,061
	2014 \$	2013 \$
Balances		
Balances and annual leave payable to Dr Raymond Shaw ⁽¹⁾	66,540	-
Annual Leave provision payable to Paul Pearson	-	4,928
Balance payable to Vibrante Solutions Pty Ltd ⁽¹⁾	-	52,117
Balance Payable to Norman Zillman	-	13,067
Balance payable to related parties	66,540	70,112

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

26. Related party transactions (continued)

- (i) Since 1 April 2014 Dr Raymond Shaw's director's fees were paid to Vanibe Pty Ltd, a company in which Director, Dr Shaw is a director and shareholder.
- (ii) In the prior year Torey Marshall director's fee were paid to Vibrante Solutions Pty Ltd, a company in which Director, Mr Marshall is a director and shareholder.

Other transactions

The directors were reimbursed for expenses incurred.

27. Financial risk management

a. Financial Risk Management Policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 28.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Group's financial instruments consist mainly of deposits with banks, notes receivable, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

The Company's exposure to interest rate risk relates principally to its short-term deposits placed with financial institutions. For further details on interest rate risk refer to Note 27(b)(i) & (iii).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectability of all trade and other receivables.

There are no other material amounts of collateral held as security as at 30 June 2014.

Credit risk is managed on a Company basis and reviewed regularly by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk on a regular basis.

Price risk

The Company's financial instrument is not exposed to price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

27. Financial risk management (continued)

b. Financial Instruments

i. Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2014 %	2013 %	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets:								
Cash and cash equivalents	2.5%	3.2%	1,316,534	668,238	758,355	102,775	2,074,889	771,013
Receivables	-	-	-	-	189,585	305,764	189,585	305,764
Total Financial Assets			1,316,534	668,238	947,940	408,539	2,264,474	1,076,777
Financial Liabilities:								
Trade and other payables	-	-	-	-	222,378	485,892	222,378	485,892
Total Financial Liabilities			-	-	222,378	485,892	222,378	485,892
Net Financial Assets/(Liabilities)							2,042,096	590,885

ii. Net Fair Values

The carrying value of financial assets and financial liabilities of the Company are assumed to approximate their fair value due to their short term nature.

iii. Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its financial instrument's exposure to interest rate risk and foreign currency risk at balance date. The Group's financial instruments are not subject to price risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

27. Financial risk management (continued)

	Carrying Amount \$	Increase in interest rate by 2% \$	Decrease in interest rate by 2% \$
30 June 2014			
Financial asset	1,316,534	26,331	(26,331)
Tax charge 30%	-	(7,899)	7,899
30 June 2013			
Financial asset	668,238	13,365	(13,365)
Tax charge 30%	-	(4,009)	4,009

Foreign Currency Risk Sensitivity Analysis

At 30 June 2014 and 30 June 2013, the Company is exposed to foreign currency fluctuations to the extent that expenditures incurred are not denominated in Australia Dollars (AUD) but in Peruvian Nuevo Sols, Chilean pesos or United States of America Dollars (USD). The Company has not entered into any foreign currency contract to manage foreign currency risk.

28. Financial Assets and Liabilities

Categories of financial assets and liabilities

Note 4f provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Note	2014 \$	2013 \$
Assets			
Current Assets			
Cash and cash equivalents	11	2,074,889	771,013
Other receivables	12	189,585	57,269
Total Current Assets		<u>2,264,474</u>	<u>828,282</u>
Non-Current Assets			
Financial asset	13	-	-
Other receivables	12	-	248,495
Current Liabilities			
Trade and other payables	17	222,378	485,892
Total Current Liabilities		<u>222,378</u>	<u>485,892</u>

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

28. Financial Assets and Liabilities (continued)

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 27.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 27a.

29. Events After Reporting Period

- On 2 July 2014 the Company announced that it had acquired an additional travel business, following the signing of a Heads of Agreement to acquire Motive Travel. Completion will be subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 9 July 2014 the Company announced that it had signed a Share Sale Agreement with Holiday Planet following the announcement on 2 June 2014 that it had entered into a Heads of Agreement. Completion is subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 4 August 2014 the Company announced that it had signed a Share Sale Agreement with Motive Travel following the announcement on 2 July 2014 that it had entered into a Heads of Agreement. Completion is subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 25 August 2014 the Company announced that it had signed a Share Sale Agreement with Keygate Holdings to acquire Asia Escape Holidays following an announcement on 17 June 2014 that it had entered into a Heads of Agreement. Completion is subject to shareholder and regulatory approvals as well as satisfaction of due diligence conditions.
- On 22 September 2014 the Company announced that it had entered into amended Share Sale Agreements with each of Holiday Planet, Asia Escape Holidays and Motive Travel shareholders by which the up-front cash consideration would be reduced, convertible notes would be issued and the termination date extended to enable shareholder and regulatory approvals and relisting during final quarter of 2014.

There have been no other matters or circumstances subsequent to the end of the Reporting Period that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

30. Parent Entity Disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 4 for a summary of the significant accounting policies relating to the Group.

	2014 \$	2013 \$
Financial Position		
Assets		
Current Assets	2,137,334	725,538
Non-Current Assets	304,649	2,028,419
Intercompany debtors	3,362,530	2,706,782
Total Assets	5,804,513	5,460,739
Liabilities		
Current Liabilities	220,958	202,991
Total Liabilities	220,958	202,991
Net Assets	5,583,555	5,257,748



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

30. Parent Entity Disclosures (continued)

Financial Position (continued)	2014 \$	2013 \$
Equity		
Issued Capital	10,449,282	7,084,364
Share Option Reserve	201,743	69,387
Accumulated Losses	(5,067,470)	(1,896,003)
Total Equity	5,583,555	5,257,748
Financial Performance		
Loss for the year	(3,171,467)	(849,283)
Other comprehensive income	-	-
Total comprehensive loss	(3,171,467)	(849,283)

31. Company details

The registered office and principal place of business of the Company is:

Red Gum Resources Limited
79 Angas Street
Adelaide SA 5000

Chile:

Level 13, Office 02
6401 Avenida Apoquindo, Las Condes
Santiago, Chile

Peru:

Calle Chacarilla
Nro. 478, Oficina A. Urb.
Santa Cruz.
San Isidro.
Lima 27, Peru.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 35 to 68 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Dr Raymond D Shaw
Executive Chairman

Sydney, 29 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED GUM RESOURCES LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Red Gum Resources Limited (the company) and Red Gum Resources Limited and Controlled Entities (the consolidated entity) which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accompanying policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

I have also audited the remuneration disclosures contained in the Directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of Directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124: Related Party Disclosures, under the heading "Remuneration Report" in the Directors' report and not in the financial report.

Director's Responsibility for the Financial Report and the Remuneration Report contained in the Directors' Report

The Directors of Red Gum Resources Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial report comply with International Financial Reporting Standards (IFRS).

The Directors of the company are also responsible for the remuneration report contained in the Directors' Report in accordance with s300A of the Corporations Act 2001.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration report in the Directors' Report is in accordance with Australian Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RED GUM RESOURCES LIMITED (Cont'd)**

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Red Gum Resources Limited would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In my opinion:

- (a) the financial report of Red Gum Resources Limited and Red Gum Resources Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the company and consolidated entity also comply with IFRS as disclosed in note 2.

Auditor's opinion on the Remuneration Report contained in the Directors' Report.

In my opinion, the remuneration disclosures that are contained on pages 12 to 14 of the Directors' Report comply with S300A of the Corporations Act 2001.

Emphasis of Matter on Going Concern

Without modifying my opinion above, note 4(r) to the financial report indicates that for the financial year ended 30 June 2014 the consolidated entity incurred a net loss after tax of \$6,041,721 (2013: \$970,058) and generated negative cash flows from operating activities for the year of \$1,294,229 (2013: \$787,355). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's and the consolidated entity's ability to continue as a going concern. However, the consolidated entity has net assets of \$2,603,451 (2013: \$5,274,259) and cash and cash equivalents of \$2,074,889 (2013: \$771,013).

Note 4(r) to the financial report also indicates that the cash flow forecasts project that the consolidated entity will continue to be able to meet its liabilities and obligations as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The cash flow forecast is dependent on the cash and cash equivalents position at 30 June 2014 being able to fund the consolidated entity's planned activities and meet the liabilities and obligations as and when they fall due for at least the next 12 months from the date of signing of this financial report.



**Faizal Ajmat CA
Registered Company Auditor**

Sydney, 29 September 2014
A.B.N. 12 977 693 143
PO Box 1283
GREEN VALLEY NSW 2168

Liability limited by a scheme approved under Professional Standards Legislation

ASX SHAREHOLDER INFORMATION

Additional information as at 4 SEPTEMBER 2014

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:

(1) EQUITY SECURITIES - AS AT 4 SEPTEMBER 2014

(a) Distribution of Equity Securities

Currently there are 832,000,000 shares held by 669 shareholders.

Range	Holders
1 - 1,000	7
1,001 - 5,000	2
5,001 - 10,000	120
10,001 - 100,000	171
100,001 - over	377
Total	<u>677</u>

(b) The number of holders of less than a marketable parcel

Less than marketable parcel of shares

259

(c) Twenty largest holders of ordinary shares

TOP 20 SHAREHOLDERS - AS AT 4 SEPTEMBER 2014

	Number Of Shares	Held %
Beirne Trading Pty Ltd	59,400,000	7.14
Dead Knick Pty Ltd	55,000,000	6.61
Willowdale Holdings Pty Ltd	55,000,000	6.61
MGL Corp Pty Ltd	33,065,326	3.97
South Banc Group Pty Ltd <David Hales family A/C>	32,500,000	3.91
Seefeld Investments Pty Ltd <the Seefeld A/C>	28,466,666	3.42
Torey Marshall & Robert Marshall <Torey Marshall Family A/C>	13,549,500	1.63
ARP Holdings Pty Ltd <Executive Super Plan A/C>	13,000,000	1.56
Tell Corporation Pty Ltd	12,754,225	1.53
Nightfall Pty Ltd <Nightfall Super Fund A/C>	12,000,000	1.44
North of the River Investments Pty Ltd	12,000,000	1.44
J P Morgan Nominees Australia Limited	10,500,000	1.26
Raymond Douglas Shaw & Rita Barbara Jones <Shaw Jones Super Fund A/C>	10,499,800	1.26
Mr Salvatore Di Vincenzo	10,497,424	1.26
Sancoast Pty Ltd	10,000,000	1.20
Mrs Toni Mathieson Frank	8,000,000	0.96
Mr Nikola Jurin <Zorka Investment A/C>	8,000,000	0.96
Mrs Helen Tomsic	7,621,665	0.92
Allsky Enterprises Pty Ltd	7,333,334	0.88
Mr Graham Charles Markham	7,140,000	0.86

Top 20 Total

406,327,940 48.84

Total Remaining Holders Balance

425,672,060 51.16

Total Ordinary Shares on Issue

832,000,000 100.00

ASX SHAREHOLDER INFORMATION

Additional information as at 4 SEPTEMBER 2014

(2) QUOTED OPTIONS ISSUED - AS AT 4 SEPTEMBER 2014

(a) Distribution of Equity Securities

Exercisable \$0.10 expiring 1 March 2016 – ASX Code: RGXO

Currently there are 61,234,053 quoted options held by 111 holders.

Range	Holders
1 - 1,000	0
1,001 - 5,000	32
5,001 - 10,000	5
10,001 – 100,000	44
100,001 - over	30
Total	111

(b) The number of holders of less than a marketable parcel

Less than marketable parcel of option

91

(c) Twenty largest holders of RGXO Quoted Options

TOP 20 OPTIONHOLDERS - AS AT 4 SEPTEMBER 2014

	Number Of Options	Held %
Community Training Initiatives Pty Ltd	7,087,500	11.57
Warman Investments Pty Ltd	7,087,500	11.57
Goffacan Pty Ltd	5,670,000	9.26
Mr Barry Arthur Waugh	5,250,000	8.57
IBT Holdings Pty Ltd <IBT Holdings P/L Fam A/C>	5,098,183	8.33
DJ Carmichael Pty Ltd	5,000,000	8.17
Makwadi Ventures Pty Ltd	4,720,786	7.71
Ms Linvana Thomson	3,000,000	4.90
Mr Trevor Ross Kerle	2,500,000	4.08
Incus Investments Pty Ltd	2,000,000	3.27
Mr Ivan Brown	1,701,434	2.78
Graywood Towers Pty Ltd	1,166,666	1.91
Mr Matthew Banks	1,000,000	1.63
Evron Pty Ltd <Endrey-Walder Super Fund A/C>	1,000,000	1.63
Mr Troy Brett Hepple	1,000,000	1.63
Mr Simon Sein Kwang Niak	1,000,000	1.63
Slush Puppie Sydney Pty Ltd	822,952	1.34
Mr Paul Stephen Harapin	688,000	1.12
Me Ho Kaku	500,000	0.82
Mr Michael Donaldson Wood	500,000	0.82
Top 20 Total	56,793,021	92.75
Total Remaining Holders Balance	4,441,032	7.25
Total Quoted Options on Issue - RGXO	61,234,053	100.00

ASX SHAREHOLDER INFORMATION

Additional information as at 4 SEPTEMBER 2014

(3) QUOTED OPTIONS ISSUED - AS AT 31 JULY 2014

(a) Distribution of Equity Securities

Exercisable \$0.01 expiring 15 November 2017 – ASX Code: RGXOA

Currently there are 176,000,000 quoted options held by 106 holders.

Range	Holders
1 - 1,000	1
1,001 - 5,000	7
5,001 - 10,000	8
10,001 - 100,000	16
100,001 - over	72
Total	104

Less than marketable parcel of options 45

(b) The number of holders of less than a marketable parcel

Less than marketable parcel of option 40

(c) Twenty largest holders of RGXOA Quoted Options

TOP 20 OPTION HOLDERS - AS AT 4 September 2014

	Number Of Options	Held %
DJ Carmichael Pty Ltd <House Account A/C>	26,000,000	14.77
Dead Knick Pty Ltd	17,454,577	9.92
Mr Bin Liu	15,000,000	8.52
Ms Kim Michelle Oats	9,500,000	5.40
Mr Salvatore Di Vincenzo	6,684,019	3.80
Mr Brian Patrick O'Rielly	6,600,000	3.75
DJ Carmichael Pty Ltd	5,500,000	3.13
Seefeld Investments Pty Ltd <The Seefeld A/C>	5,033,333	2.86
Mr Paul Henri Veron & Mrs Julie Anne Veron <Dead Knick Super Fund A/C>	5,000,000	2.84
Merrill Lynch (Australia) Nominees Pty Limited	4,500,000	2.56
Del Paggio Nominees Pty Ltd <Del Paggio Super Fund A/C>	4,166,667	2.37
Mr David Keith Green	4,000,000	2.27
Ms Siew Lay Kwan	3,797,823	2.16
Mr Correy Van Den Broek	3,565,133	2.03
Mr Darren Ricketts	3,001,000	1.71
Mr Peter Braica	3,000,000	1.70
Mrs Anna Tascone	3,000,000	1.70
Emmess Pty Ltd <Emmess super Fund A/C>	2,867,018	1.63
Mr Ronan O'Murchu	2,767,590	1.57
Mr Enzo Bosio & Mrs Camilla Bosio	2,500,000	1.42
Top 20 Total	133,937,160	76.10
Total Remaining Holders Balance	42,062,840	23.90
Total Quoted Options on Issue - RGXOA	176,000,000	100.00

ASX SHAREHOLDER INFORMATION

Additional information as at 4 SEPTEMBER 2014

(5) OTHER DISCLOSURES

(a) Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of shares
Willowdale Holdings Pty Ltd	55,000,000
Beirne Trading Pty Ltd	59,400,000
Dead Knick Pty Ltd	55,000,000

(b) Voting Rights

Ordinary Shares: On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options: No voting rights

(c) Escrowed Securities

There are no securities held under Escrow at the date of this report.

(d) On-Market Buy Backs

There is no current on-market buy back at the date of this report.

(e) Securities Exchange

The Company is listed on the Australian Securities Exchange.