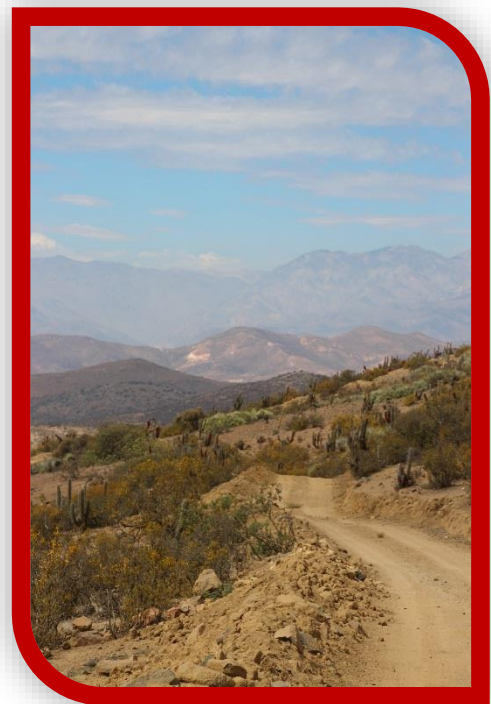




## Appendix 5B – September 30, 2014





## HIGHLIGHTS

- Transaction to refocus Company's activities on leisure and tourism industry on track to complete December quarter 2014.
- Share Sale Agreements signed with Holiday Planet, Asia Escape and Motive Travel for their acquisitions.
- EGM to be held on 27 November 2014 seeking shareholder approvals of acquisitions, capital consolidation, capital raising, and appointment of directors and rebranding as the Australian Travel Group Limited ("ATG").
- Independent expert has concluded that the relevant acquisition is fair and reasonable to shareholders.
- Prospectus to be lodged shortly.
- DJ Carmichael mandated to act as lead manager in capital raising
- Subject to approvals, ATG poised to become significant Western Australian based player in the e-platform leisure and tourism industry.

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ACN 119 641 986



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## ACTIVITY REVIEW

Activity during the Reporting Period was focused on the proposed acquisition of Holiday Planet, Asia Escape and Motive Travel, subject to regulatory and shareholder approvals (“the Transaction”). This follows the Company's previously announced review of alternate opportunities, including those outside of its core exploration mining activities, in order to re-establish shareholder value. During the Reporting Period, the Company announced that it had signed a binding Heads of Agreement with a third travel business, Motive Travel. Subsequently, and as contemplated in each of the respective heads of agreements, Share Sale Agreements were signed with each of the three travel entities; Holiday Planet on 9 July 2014, Motive Travel on 4 August 2014, and Asia Escape on 25 August 2014. These agreements each provide for completion subject to shareholder and regulatory approvals, as well as due diligence and certain other conditions precedent.

Subsequently, and as announced to the market on 22 September 2014, amended Share Sale Agreements were signed with each of Holiday Planet, Asia Escape and Motive Travel. The key changes were:

- Agreement to extend the termination date to 31 December 2014.
- Shareholders of Holiday Planet, Asia Escape and Motive Travel agreeing to a reduction in the up-front cash consideration to be paid by the Company to the respective vendor shareholders, from a total of \$3.5 million to a total of \$2.0 million.
- In lieu of the reduction in the component of the cash consideration, the vendor shareholders of Holiday Planet, Asia Escape and Motive Travel will be issued with a total of \$1.5 million in convertible notes maturing in 2 years, subject to RGX Shareholder and regulatory approvals.
- Agreement that the proposed capital raising will be a minimum of \$3 million.
- The Company to seek Shareholder approval to consolidate its current issued capital on the basis of a ratio of 1 for 25.

The Company and the vendor shareholders have entered into these amendments believing them to be of mutual benefit.

In addition the announcement contained details of the terms by which the convertible notes will be issued to the vendor shareholders, and disclosed that DJ Carmichael would act as Lead Manager for the proposed capital raising.

### **Capital Raising Plans – Prospectus to be lodged shortly**

As announced on 4 June 2014, and subsequently again during the Reporting Period, in order to fund the Acquisitions and to re-comply with Chapters 1 & 2 of the ASX Listing Rules (among other things), the Company intends to undertake a capital raising through the issue of a minimum of 15,000,000 shares (on a post-consolidation basis), at an issue price of \$0.20 each, in order to raise at least \$3 million (“Capital Raising”). As part of the offer, the Company will also be offering up to 7,500,000 options exercisable at \$0.25 each (on a post-



consolidation basis). The Company intends to accept oversubscriptions for a further 10,000,000 shares and 5,000,000 options, to raise up to a further \$2 million. The Capital Raising will be completed pursuant to a full form prospectus, which the Company expects to lodge with ASIC shortly after the end of the Reporting Period.

### **Transaction on Track for Completion in December Quarter 2014**

Activity during the Reporting Period has been almost exclusively Transaction focused, given the complexity of consolidating the three independent businesses, Holiday Planet, Asia Escape and Motive Travel, for the purposes of meeting contractual and compliance requirements for relisting. A Notice of Meeting and Independent Expert's Report were also largely completed during the Reporting Period and subsequently lodged with ASX on 20 October 2014.

### **Mining Activities on Hold**

Operationally the Company's mining related field activities remained on hold during the Reporting Period. Non-essential exploration related activities in Chile and Peru remain at care and maintenance levels, with no new material expenditure commitments incurred. Red Gum's 100% owned concessions, at Cerro Huancash, Chongos and La Negra, remain in good standing. Arrangements were made for a representative of the Company to visit with the Community de Carampoma at Cerro Huancash in early October 2014 as part of Red Gum's on-going commitment to remain in good standing with local communities.

### **Safety and the Environment**

No field activities were undertaken during the Reporting Period by the Company and no safety, nor environmental, issues were reported.

## **CORPORATE AND FINANCIAL**

During the Reporting Period the Board focussed its efforts on finalising the proposed Transaction, involving Asia Escape, Holiday Planet and Motive Travel. The Company has prepared a Notice of Meeting for an EGM to be held on 27 November 2014 to consider resolutions associated with the Transaction. The Independent Expert commissioned by the Company has concluded that the relevant aspect of the Transaction (the acquisition of Holiday Planet) is fair and reasonable to Shareholders.

The Financial Year 2014 Annual Report and Notice of Meeting were prepared for Shareholders during the Reporting Period. The Annual Report was lodged with the ASX on 30 September 2014. The AGM Notice of Meeting was lodged on 24 October 2014 (Refer Subsequent Events).

A Notice for the EGM, including the Independent Expert's Report, was lodged with ASX and released to the market on 20 October 2014 (Refer Subsequent Events)



**The Capital Structure of the Company as at 30 September 2014:**

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

▪ **Securities issued:**

No new securities were issued during the Reporting Period.

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

The Company proposes to hold an EGM on 27 November 2014 for the purposes of seeking Shareholder approval of the acquisitions of Holiday Planet, Asia Escape and Motive Travel, consolidation of shares, issue of new shares and appointment of new directors. The Notice was lodged with ASX prior to the end of the Reporting Period and has been despatched to Shareholders (Refer Subsequent Events).

▪ **Notice of Annual General Meeting ("AGM")**

The Company proposes to hold its Annual General Meeting on 27 November 2014. The AGM and EGM will be held at the same venue on the same day in order to provide convenience to Shareholders wishing to attend both meetings. The Annual Report was lodged with the ASX on 30 September 2014 and a Notice of Meeting was lodged with the ASX on 24 October 2014 (Refer Subsequent Events).

▪ **Future Changes in Board Composition**

There were no changes in the Board Composition during the Reporting Period, although, as contemplated in the proposed November 2014 EGM agenda, resolutions will be put to Shareholders for the election of Messrs Dodson, Croy and Mason as directors, with effect on (and subject to) the Settlement Date of the Transaction. At that time Messrs Shaw and Bulseco will step down from the Board.

**Subsequent Events**

There have been no significant events between 30 September 2014 and the date of this report other than as listed below:

- 20 October 2014 Notice of Extraordinary General Meeting and Independent Expert's Report lodged with ASX.
- 24 October 2014 Notice of Annual General Meeting lodged with ASX.

**Reconciliation of expenditure**

This is the first quarterly report for Red Gum Resources Limited for the year ending 30 June 2015.



### **Exploration and evaluation**

The estimated exploration and evaluation expenditure cash flows amounted to \$13,000 compared to actual expenditure of \$16,000. The exploration and evaluation expenditure is as forecast.

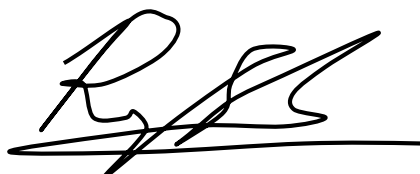
### **Administration**

The estimated administration expenditure cash flows included in the previous reporting period amounted to \$583,000, compared to actual expenditure which amounted to \$461,000. The decrease in actual expenditure was due to certain transaction related costs that have been paid in October 2014, particularly legal and professional fees. The great majority of these administration and corporate costs relate to the Transaction, and were necessary to enable the Company to progress the Transaction. The Transaction costs included preparing detailed documents for shareholder and regulatory approval, and a prospectus for the Capital Raising. The Company has also taken advantage of this process to deal with a number of complex operational and accounting issues concerning the three businesses to be acquired, and ensure that consistent accounting practices are adopted. This will enable the Company to fast track the integration of the three businesses, which will save time and money once the Transaction is implemented.

### **Cash at the end of the Quarter**

Cash at 30 September 2014 amounted to \$1,605,759.

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

A handwritten signature in black ink, appearing to be 'R. Shaw', written over a horizontal line.

Raymond D Shaw  
Chairman

B.Sc (Hons I), Ph.D (Univ of Syd), MAusIMM

**ASX Listing Rule 5.3.3 tenement details**

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

**Nature of Interest - Notes**

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





Rule 5.5

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

RED GUM RESOURCES LIMITED

Quarter ended ("current quarter")

ABN

66 119 641 986

30 SEPTEMBER 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(16)	(16)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(461)	(461)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(469)</b>	<b>(469)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>-</b>

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+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.13 Total operating and investing cash flows (carried forward)	(469)	(469)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings - convertible loan	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(469)	(469)
1.20 Cash at beginning of quarter/year to date	2,075	2,075
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	1,606	1,606

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

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	99
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

### Non-cash financing and investing activities

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

N/A

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

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	17
4.2 Development	-
4.3 Production	-
4.4 Administration	419
<b>Total</b>	<b>436</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,606	2,075
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		1,606	2,075

**Changes in interests in mining tenements and petroleum tenements**

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

**Issued and quoted securities at end of current quarter**

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

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

+ See chapter 19 for defined terms.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3	<b>*Ordinary securities</b>	832,000,000	832,000,000		
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5	<b>*Convertible debt securities</b> Convertible loan	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil		
7.7	<b>Options</b> (description and conversion factor) RGXO RGXAOA RGXAK	61,234,053 176,000,000 5,000,000 <b><u>242,234,053</u></b>	61,234,053 176,000,000 Nil <b><u>237,234,053</u></b>	<i>Exercise price</i> \$0.10 \$0.01 \$0.15	<i>Expiry date</i> 01/03/2016 15/11/2017 30/06/2016
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	<b>Debentures</b> (totals only)	Nil	Nil		
7.12	<b>Unsecured notes</b> (totals only)	Nil	Nil		

+ See chapter 19 for defined terms.

## Compliance statement

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



30 October 2014

Sign here: ..... Date: .....  
(Company secretary)

Mr Malcolm Lucas Smith

Print name: .....

## Notes

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

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+ See chapter 19 for defined terms.