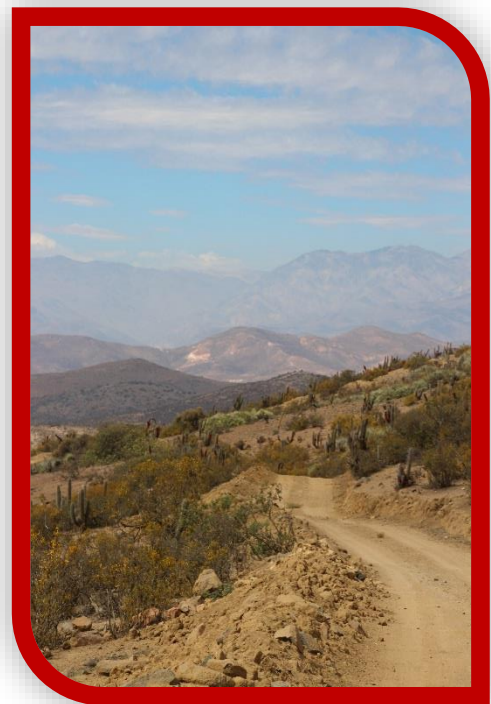




# Appendix 5B – 31 December 2014





## HIGHLIGHTS

- Transaction to refocus Company's activities on leisure and tourism industry continued.
- Shareholders approved Transaction resolutions at EGM.
- Consolidation of Share Capital approved by Shareholders completed.
- Prospectus lodged for Capital Raising as part of Transaction relisting requirements.

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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”). During the Reporting Period an Extraordinary General Meeting was called to consider the Transaction, which was held on 27 November 2014, on the same date as the Annual General Meeting. In accordance with a shareholder resolution the EGM was adjourned and resumed on 18 December 2014, when all resolutions put in connection with the proposed Transaction were approved unanimously.

On 12 November 2014 the Company announced that a prospectus had been lodged with ASIC and ASX for an offer of up to 25,000,000 shares in the Company, to raise up to \$5,000,000 and to re-comply with Chapters 1 and 2 of the ASX Listing Rules. Subsequently a Supplementary Prospectus was lodged with ASIC on 4 December 2014, following a re-negotiation with the Vendors of the terms of the acquisitions of Holiday Planet, Asia Escape and Motive Travel. As part of these re-negotiations the Company, by agreement between the parties, varied the original terms to allow for a change in the proposed consolidation ratio of the Company’s issued capital from 1:25 to 1:44, subject to the approval of shareholders at the adjourned EGM.

Following approval by Shareholders on 18 December 2014, the consolidation of the Company’s securities was completed on 29 December 2014.

On 1 December 2014 the Company sought, and was granted, a voluntary suspension from trading on the ASX, pending shareholder approval of the Transaction at the EGM and then the Company’s re-listing on completion of the Transaction.

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.

No field activities were undertaken during the Reporting Period by the Company and no safety or environmental, issues were reported.

## CORPORATE AND FINANCIAL

During the Reporting Period the Board focused its efforts on finalising the proposed Transaction, involving Asia Escape Holidays, Holiday Planet and Motive Travel. The Capital Structure of the Company as at the end of the Reporting Period reflects the completion of the consolidation as at 29 December 2014, with shares consolidated on the basis of 1 for every 44 shares previously held.



**The Capital Structure of the Company as at 31 December 2014:**

Number	Class
18,909,506	Ord
1,391,730	Quoted options RGXO Ex \$4.40 exp 1/03/2016
4,000,047	Quoted options RGXOA Ex \$0.44 exp 15/11/2017
113,637	Unquoted options RGXAK Ex\$6.6 exp 30/04/2016

▪ **Securities issued:**

Securities were consolidated on a 1 for 44 basis.

No new securities were issued during the Reporting Period.

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

The Company held an EGM on 18 December 2014 at which Shareholders approved the acquisitions of Holiday Planet, Asia Escape and Motive Travel, and related matters including the consolidation of shares and options, issue of new shares and appointment of new directors.

▪ **Future Changes in Board Composition**

There were no changes in the Board Composition during the Reporting Period, although at the December 2014 EGM shareholders elected Messrs Dodson, Croy and Adams (principals of Holiday Planet and Asia Escape) 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 1 January 2015 and the date of this report other than as listed below:

- On 27 January 2015 the Company announced that the closing date of the Prospectus had been extended until 11 February 2015.

**Reconciliation of expenditure**

This is the second 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 \$17,000 compared to actual expenditure of \$14,000. The exploration and evaluation expenditure is as forecast.



## Administration

The estimated administration expenditure cash flows included in the previous reporting period amounted to \$419,000 of which \$200,000 related to transaction costs and \$219,000 continuing administration costs, compared to actual expenditure which amounted to \$379,000 of transaction costs and \$240,000 of ongoing administration costs. The increase in actual expenditure was due to higher transaction related costs due to the delays in finalizing the Transaction, particularly accounting, 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 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 31 December 2014 amounted to \$533,272.

Attached is the Appendix 5B Consolidated Statement of Cash Flows for the period from 1 October 2014 to 31 December 2014.

A handwritten signature in black ink, appearing to read 'R. Shaw', with a horizontal line drawn underneath it.

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 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

31 DECEMBER 2014

#### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(14)	(30)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(240)	(467)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	15
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) Transaction costs	(379)	(613)
<b>Net Operating Cash Flows</b>		(626)	(1,095)
<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>		-	-

+ See chapter 19 for defined terms.



	Current quarter \$A'000	Year to date (6 months) \$A'000
1.13 Total operating and investing cash flows (carried forward)	(626)	(1,095)
<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 –share issue costs	(447)	(447)
<b>Net financing cash flows</b>	(447)	(447)
<b>Net increase (decrease) in cash held</b>	(1,073)	(1,542)
1.20 Cash at beginning of quarter/year to date	1,606	2,075
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	533	533

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	97
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, including consulting 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	200
<b>Total Company ongoing outflows</b>	<b>217</b>
Transaction costs	120
<b>Total</b>	<b>337</b>

In addition, share issue costs of \$318,844 will be incurred when the \$3,000,000 shares are issued (assuming minimum subscription). The majority of these transaction costs will be paid out of the share issue proceeds.

### 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	533	1,606
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)		533	1,606

### 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		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	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)
7.3	<b>*Ordinary securities</b>	18,909,506	18,909,506		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs Consolidation on 1:44 basis	Nil  (813,090,494)	Nil  (813,090,494)		
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>	Exercise price \$4.40 (prev \$0.10) \$0.44 (prev \$0.01) \$6.60 (prev \$0.15)	Expiry date 01/03/2016 15/11/2017 30/06/2016
7.8	Issued during quarter Consolidation on 1:44 basis RGXO RGXAOA RGXAK	Nil  (59,842,323) (171,999,953) (4,886,363)	Nil  (59,842,323) (171,999,953) Nil	\$4.40 \$0.44 \$6.60	01/03/2016 15/11/2017 30/06/2016
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 January 2015

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.