



ABN: 66 119 641 986

# **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2014**

## CONTENTS

	Page
Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Condensed Notes to Financial Statements	10
Note 1. Nature of operations	10
Note 2. General information and basis of preparation	10
Note 3. Significant accounting policies	10
Note 4. Estimates	11
Note 5. Going concern	11
Note 6. Financial assets	11
Note 7. Plant and equipment	12
Note 8. Exploration and evaluation expenditure	12
Note 9. Issued capital	13
Note 10. Segmental information	15
Note 11. Exploration expenditure commitments	17
Note 12. Other financial liabilities and commitments	17
Note 13. Related party transactions	17
Note 14. Earnings per share	18
Note 15. Events subsequent to balance date	18
Note 16. Company information	18
Directors' declaration	19
Independent auditor's review report	20



## DIRECTORS' REPORT

Your directors present their report, together with the financial report on Red Gum Resources Limited ("Company") for the half-year ended 31 December 2014.

### Corporate and Operational Overview

During the Reporting Period (1 July 2014 to 31 December 2014) the Company's activities were focused on the proposed acquisition of Holiday Planet, Asia Escape and Motive Travel, subject to regulatory and Shareholder approvals ("the Transaction"). This included preparation of materials for an Extraordinary General Meeting, Independent Expert's Report and a Prospectus which sought to raise funds as part of a relisting of the Company following Shareholder and other regulatory approvals.

Consistent with previous stated intentions, operationally the Company's mining related field activities remained on hold during the Reporting Period. There was no non-essential expenditure related to activities in Peru and Chile and no new material expenditure commitments incurred in relation to the Company's mining interests.

### Corporate and operational highlights

- The Company consolidated its Capital Structure following approval by Shareholders at an EGM held on 18 December 2014.
- Shareholders approved all Resolutions associated with the Transaction.
- Prospectus lodged on 11 November 2014, with Supplementary Prospectus lodged on 5 December 2014.
- No non-essential exploration expenditure, nor new material expenditure commitments, incurred for Red Gum's mining concessions, which all remain in good standing.
- Executive Services Agreement for the Chairman terminated by mutual agreement to reduce overheads.
- Subsequently, as announced on 13 February 2015, the Transaction failed to proceed and accordingly the Company will pursue other future opportunities.

### Current directors

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

- Dr Raymond Shaw – Executive Chairman
- Ms Jennifer Tobin - Non Executive Director
- Mr Edwin Bulseco – Non Executive Director

### Company secretary

Mr Malcolm Lucas-Smith

### Operating results

The net loss attributable to members of the Company for the half-year ended 31 December 2014 was \$2,080,517 (2013: \$5,017,326). The loss is primarily a result of the Transaction not proceeding, which resulted in share issue costs and other transaction costs of \$1,135,387 being expensed to the consolidated statement of profit or loss and other comprehensive income.



## DIRECTORS' REPORT

During the half-year ended 31 December 2014 \$nil (half year ended 31 December 2013: \$463,380) of tenement expenditure was capitalised. In the current period \$510,771 (half year ended 31 December 2013: \$4,584,160) of capitalised tenement expenditure was written off; and \$25,643 (half year ended 31 December 2013: \$7,122) was expensed as incurred.

The Company did keep all its tenements in good standing with all regulatory authorities in Peru and Chile.

### Capital

During the half-year no securities were issued.

The Company had the following securities on issue at the date of this report:

	Post-consolidation Number
Ord	18,909,506
Quoted options RGXO Ex \$4.40 exp 1/03/2016	1,391,730
Quoted options RGXOA Ex \$0.44 exp 15/11/2017	4,000,047
Unquoted options RGXAK Ex\$6.6 exp 30/04/2016	113,637
	5,505,414

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 Company had the following securities prior to the consolidation:

	Pre-consolidation Number
Ordinary shares	832,000,000
Quoted options RGXO Ex \$0.1 exp 1/03/2016	61,234,053
Quoted options RGXOA Ex \$0.01 exp 15/11/2017	176,000,000
Unquoted options RGXAY Ex\$0.15 exp 30/04/2016	5,000,000
Total Options	242,234,053

### Corporate and Operational Activities

Activity during the Reporting Period was focused on the proposed 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.



## DIRECTORS' REPORT

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.

By mutual agreement the Board agreed to terminate the executive services agreement of the Chairman as at 31 December 2014, in order to reduce overhead costs. Dr Shaw will continue to perform the role in the future and receive a non-executive director's fee.

Operationally the Company's mining related field activities remained on hold during the Reporting Period. There were no non-essential exploration related activities undertaken, nor new expenditure commitments incurred, in either Chile or Peru. Red Gum's 100% owned concessions, at Cerro Huancash, Chongos and La Negra, remained in good standing.

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

### Events subsequent to balance date

On 13 February 2015, the Company announced that the Transaction would not proceed. The Company is currently in suspension until 16 March 2015.

As announced on 2 March 2015 the Company is currently in negotiations with a number of potential bidders for the acquisition of all or some of its mining assets located in Peru and Chile. The completion of any transaction arising from these negotiations may require both shareholder and ASX approvals.

Signed in accordance with a resolution of the directors.

Dr Raymond D Shaw  
Chairman

16 March 2015

Board of Directors  
Red Gum Resources Limited  
79 Angas Street  
ADELAIDE SA 5000

Dear Sirs

**RE: RED GUM RESOURCES LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Red Gum Resources Limited.

As Audit Director for the review of the financial statements of Red Gum Resources Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Martin Michalik**  
**Director**





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		533,456	2,074,889
Other receivables		296,817	189,585
<b>Total Current Assets</b>		<u>830,273</u>	<u>2,264,474</u>
<b>Non-Current Assets</b>			
Plant and equipment	7	-	584
Exploration and evaluation expenditure	8	50,000	560,771
<b>Total Non-Current Assets</b>		<u>50,000</u>	<u>561,355</u>
<b>Total Assets</b>		<u>880,273</u>	<u>2,825,829</u>
<b>Current Liabilities</b>			
Trade and other payables		358,968	222,378
<b>Total Current Liabilities</b>		<u>358,968</u>	<u>222,378</u>
<b>Total Liabilities</b>		<u>358,968</u>	<u>222,378</u>
<b>Net Assets</b>		<u>521,305</u>	<u>2,603,451</u>
<b>Equity</b>			
Issued Capital	9	10,449,282	10,449,282
Foreign Currency Translation Reserve		29,530	31,159
Share Option Reserve	9	201,743	201,743
Accumulated Losses		(10,159,250)	(8,078,733)
<b>Total Equity</b>		<u>521,305</u>	<u>2,603,451</u>

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



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	<b>Note</b>	<b>31 December 2014 \$</b>	<b>31 December 2013 \$</b>
Revenue – interest income		14,793	3,319
Exploration expenditure impaired expense	8	(510,771)	(4,584,160)
Exploration expenses written off	8	(25,643)	(7,122)
Office and administration expenses		(109,988)	(41,751)
Professional fees		(86,713)	(204,143)
Transaction costs		(1,135,387)	-
Directors fees and remuneration		(164,324)	(140,098)
Depreciation expense		(584)	(720)
Other expenses		(61,900)	(42,651)
<b>Loss before tax</b>		<b>(2,080,517)</b>	<b>(5,017,326)</b>
Income tax (expense)/benefit		-	-
<b>Loss for the period attributable to members</b>		<b>(2,080,517)</b>	<b>(5,017,326)</b>
<b>Other Comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange gain/(loss) arising on the translating foreign operations		(1,629)	58,515
<b>Total comprehensive loss for the period</b>		<b>(2,082,146)</b>	<b>(4,958,811)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
<i>Post-consolidated weighted average number of shares</i>			
Basic and diluted loss per share from continuing operations	14	(11.00)	(191.52)

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





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Ordinary Shares	Foreign Currency translation Reserve	Share Option Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
<b>Balance 30 June 2013</b>		7,084,364	157,520	69,387	(2,037,012)	5,274,259
Issue of shares during the period	9	300,000	-	-	-	300,000
Share issue costs		(46,289)	-	-	-	(46,289)
Loss for the period		-	-	-	(5,017,326)	(5,017,326)
Other comprehensive income		-	58,515	-	-	58,515
Total comprehensive income / (loss)		-	58,515	-	(5,017,326)	(4,958,811)
<b>Balance 31 December 2013</b>		7,338,075	216,035	69,387	(7,054,338)	569,159
<b>Balance 30 June 2014</b>		10,449,282	31,159	201,743	(8,078,733)	2,603,451
Loss for the period		-	-	-	(2,080,517)	(2,080,517)
Other comprehensive income		-	(1,629)	-	-	(1,629)
Total comprehensive income / (loss)		-	(1,629)	-	(2,080,517)	(2,082,146)
<b>Balance 31 December 2014</b>		10,449,282	29,530	201,743	(10,159,250)	521,305

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



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and directors	(460,792)	(346,129)
Payments in respect of transaction costs	(1,068,405)	-
Net Cash (used in)/provided by operating activities	(1,529,197)	(346,129)
<b>Cash flows from investing activities</b>		
Interest received	14,793	3,319
Payments for exploration expenditure	(27,029)	(657,465)
Payments for plant and equipment	-	-
Net Cash (used in)/provided by investing activities	(12,236)	(654,146)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	300,000
Payments for share issue costs	-	(46,288)
Net Cash provided by/(used in) financing activities	-	253,712
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,541,433)	(746,563)
<b>Cash and cash equivalents at the beginning of the financial period</b>	2,074,889	771,013
<b>Cash and cash equivalents at the end of the financial period</b>	533,456	24,450

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

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014



### 1. Nature of operations

Red Gum Resources Limited's and its subsidiaries' ("Group") principal activity during the Reporting Period was global mineral exploration.

During the Reporting Period the Group retained its mining concessions in Chile and the central Peruvian Polymetallic Belt in good standing, it having previously announced that the Company's forward intentions would be to pursue other business opportunities outside of the resources sector given the current lack of investor interest in greenfields exploration assets.

### 2. General information and basis of preparation

These condensed interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2014 and are presented in Australian dollars ("A\$"), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards Board ("AASB") 134: *Interim Financial Reporting*. They do not include all of the information required in the annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2014 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements under the Australian Stock Exchange ("ASX") Listing Rules and *Corporations Act 2001*.

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

Red Gum Resources Limited is a public company, incorporated and domiciled in Australia. The registered office is 79 Angas Street, Adelaide SA 5000.

The Company was incorporated on 11 May 2006.

The interim financial statements for the half-year ended 31 December 2014 (including the comparatives) were approved by the board of directors on 16 March 2015.

### 3. Significant accounting policies

The significant accounting policies that have been used in preparation of these consolidated interim financial statements are summarised below.

The interim financial statements have been prepared using the measurement basis specified by the Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

There is no change in accounting policy during the current period, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.



### 3. Significant accounting policies (continued)

#### Changes in accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014, except for the application of the following standards as of 1 July 2014:

- AASB 1031: *Materiality*
- AASB 2013-9, *Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-2, *Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements*
- AASB 2014-1, *Amendments to Australian Accounting Standards Part A, B and C*

Management has reviewed the new requirements of the above standards and has concluded that there is no effect on the classification or presentation of balances as the Group has no arrangements within the scope of the above standards.

### 4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2014.

### 5. Going concern

The consolidated Group has recorded a loss attributable to equity holders of \$2,080,517 (31 December 2013: \$5,017,326), however the Group has net assets of \$521,305 (30 June 2014: \$2,603,451) and cash and cash equivalents of \$533,456 (30 June 2014: \$2,074,889). 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.

### 6. Financial Assets

	Parent	
	31 December 2014	30 June 2014
Parent	\$	\$
Non-current financial assets		
Shares in controlled entity	70,300	70,000

During the period three wholly owned Australian subsidiaries were established as part of the proposed acquisition of Holiday Planet, Asia Escape and Motive Travel ("the Transaction"):

- ATGL MT Pty Ltd (ACN 602 822 202)
- ATGL HP Pty Ltd (ACN 602 822 257)
- ATGL AE Pty Ltd (ACN 602 822 293)

At 31 December 2014 they each had \$100 in assets and \$nil liabilities. In March 2015, the Company commenced deregistration of the above three subsidiaries following the decision not to proceed with the Transaction.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**



**7. Plant and equipment**

	<b>Plant &amp; Equipment</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
<b>At cost</b>		
Accumulated depreciation	14,601	14,601
Accumulated impairment	(14,601)	(14,017)
Total plant & equipment	-	-
	-	584
<b>Movement in carrying amounts</b>		
Gross carrying amount at the beginning of the period	584	1,304
Additions	-	-
Disposals	-	-
Depreciation expense	(584)	(720)
Gross carrying amount at the end of the period	-	584

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

- Plant & equipment 3 to 40 years

**8. Exploration and evaluation expenditure**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Gross carrying amount at the beginning of the period	560,771	4,682,070
Amounts capitalised during the period	-	411,894
Foreign exchange on translation	-	50,967
Amounts written off during the period	(510,771)	(4,584,160)
Gross carrying amount at the end of the period	50,000	560,771

During the period ended 31 December 2014 \$25,643 (30 June 2014: \$226,409, 31 December 2013: \$7,122) of project costs were expensed in the Statement of Profit or Loss and Other Comprehensive Income rather than capitalised. In addition, \$510,771 (31 December 2013: \$4,584,160) of capitalised exploration expenditure was written off during the period. The directors have reviewed the Capitalised Tenement costs and do not consider that any further impairment is necessary for the period ended 31 December 2014.

The following mineral projects are currently held by the Company:

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



# CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014



## 8. Exploration and evaluation expenditure (continued)

	31 December 2014	30 June 2014
Capitalised Expenditure:	\$	\$
Cerro Huancash <sup>(1)</sup>	50,000	360,771
Chongos A <sup>(3)</sup>	-	-
Chongos B <sup>(3)</sup>	-	-
Chongos C <sup>(3)</sup>	-	-
La Negra <sup>(2)</sup>	-	200,000
Majada <sup>(3)</sup>	-	-
	<u>50,000</u>	<u>560,771</u>

1. The Company through its wholly owned subsidiary, Red Gum Resources (Peru) Pty Ltd holds all 99.99% of the shares in Central Peru Resources ("CPR"), which in turn holds 100% of the four Peruvian Projects.
2. In the 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, 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 Prior 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.

## 9. Issued Capital

	31 December 2014	30 June 2014
	\$	\$
18,909,506 (30 June 2014: 832,000,000) ordinary shares	<u>10,449,282</u>	<u>10,449,282</u>
<b>Ordinary shares</b>		
At the beginning of reporting period	10,449,282	7,084,364
Shares issued during the current period	-	-
Shares issued during the prior year		
- Shares issued 19 November 2013 <sup>(1)</sup>	-	300,000
- Shares issued 3 February 2014 <sup>(2)</sup>	-	5,611
- Shares issued 14 April 2014 <sup>(3)</sup>	-	465,618
- Shares issued 17 April 2014 <sup>(4)</sup>	-	116,404
- Shares issued 28 April 2014 <sup>(5)</sup>	-	529,963
- Shares issued 23 May 2014 <sup>(6)</sup>	-	1,200,000
- Shares issued 10 June 2014 <sup>(7)</sup>	-	1,056,000
Total shares issued during the period	<u>-</u>	<u>3,673,596</u>
Less: Share issue costs	-	(308,678)
At the end of reporting period	<u>10,449,282</u>	<u>10,449,282</u>



# CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014



## 9. Issued capital (continued)

	31 December 2014 No.	30 June 2014 No.
<b>Ordinary shares</b>		
At the beginning of reporting period	832,000,000	112,468,097
Shares issued during the period	-	-
Shares issued during the prior year:		
- Shares issued 19 November 2013 <sup>(1)</sup>	-	15,000,000
- Shares issued 3 February 2014 <sup>(2)</sup>	-	1,870,215
- Shares issued 14 April 2014 <sup>(3)</sup>	-	155,205,975
- Shares issued 17 April 2014 <sup>(4)</sup>	-	38,801,493
- Shares issued 28 April 2014 <sup>(5)</sup>	-	176,654,220
- Shares issued 23 May 2014 <sup>(6)</sup>	-	200,000,000
- Shares issued 10 June 2014 <sup>(7)</sup>	-	132,000,000
Total shares issued during the period	-	719,531,903
-Shares consolidated on the basis of 1:44	(813,090,494)	-
At the end of reporting period	18,909,506	832,000,000

### Notes:

On 29 December 2014 the securities were consolidated on the basis of 1 for every 44 shares previously held. The Company had the following securities immediately prior to the consolidation:

	Pre-consolidation Number
Ordinary shares	832,000,000

### Prior Reporting Period (pre-securities consolidation numbers)

- (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.

### a. Share Option Reserve

	31 December 2014 \$	30 June 2014 \$
Equity based remuneration		
At the beginning of the period	201,743	69,387
Broker and underwriter Options issued	-	132,356
At the end of the period	201,743	201,743



## 9. Issued capital (continued)

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

No Options were issued during the half year ended 31 December 2014.

During the prior year the following Options (pre-securities consolidation numbers) 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:

- On 2 August 2013 5,000 free Unquoted Options were issued 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 quoted market value of \$6,223;
- On 28 April 2014 40,000,000 free Options were issued at a quoted market value of \$40,000;
- On 23 May 2014 16,867,018 free Options were issued at a quoted market value of \$16,867; and
- On 10 June 2014 26,000,000 free Options were issued at a quoted market value of \$26,000.

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

## 10. 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.

	<b>Australia \$</b>	<b>Peru \$</b>	<b>Chile \$</b>	<b>Total \$</b>
<b>31 December 2014</b>				
<b>REVENUE</b>				
Total revenue -external interest received	14,793	-	-	14,793
<b>RESULT</b>				
Segment result	(1,543,756)	(319,533)	(217,228)	(2,080,517)
Finance costs	-	-	-	-
Loss before income tax	(1,543,756)	(319,533)	(217,228)	(2,080,517)
Income tax expense	-	-	-	-
Loss after income tax	(1,543,756)	(319,533)	(217,228)	(2,080,517)
<b>OTHER</b>				
Depreciation and amortisation of segment assets	584	-	-	584
<b>ASSETS</b>				
Segment assets	827,761	50,413	2,099	880,273
<b>LIABILITIES</b>				
Segment liabilities	357,719	280	969	358,968

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**



**10. Segmental information (continued)**

	<b>Australia \$</b>	<b>Peru \$</b>	<b>Chile \$</b>	<b>Total \$</b>
<b>31 December 2013</b>				
<b>REVENUE</b>				
Total revenue -external interest received	3,319	-	-	3,319
<b>RESULT</b>				
Segment result	(404,102)	(4,198,741)	(414,483)	(5,017,326)
Finance costs	-	-	-	-
Loss before income tax	(404,102)	(4,198,741)	(414,483)	(5,017,326)
Income tax expense	-	-	-	-
Loss after income tax	(404,102)	(4,198,741)	(414,483)	(5,017,326)
<b>OTHER</b>				
Depreciation and amortisation of segment assets	720	-	-	720
<b>30 June 2014</b>				
<b>ASSETS</b>				
Segment assets	2,262,918	360,901	202,010	2,825,829
<b>LIABILITIES</b>				
Segment liabilities	220,958	1,186	234	222,378

**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 31 December 2014 and 30 June 2014 there were no such intersegment transfers.

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014



### 11. Exploration expenditure commitments

	31 December 2014	30 June 2014
	\$	\$
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
	<u>342,000</u>	<u>342,000</u>

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.

#### La Negra (Chile)

The Group maintains the La Negra project in good administrative standing; at 31 December 2014 these costs are estimated at \$24,000 (June 2014: \$48,000) per annum.

#### Central Peru Polymetallic Belt (Peru)

In addition to the Management Agreement termination commitments set out above, the Group maintains the Peruvian projects in good administrative standing; at 31 December 2014 these costs are estimated at \$33,000 (June 2014: \$9,000) per annum.

### 12. Other financial liabilities and commitments

The Company twelve month lease arrangement for office accommodation ended in April 2014, the annual rent being \$nil (30 June 2014: \$14,000).

There are no other financial liabilities, leasing commitments, capital commitments, or provisions at 31 December 2014 (30 June 2014: \$nil). Refer to note 11 for detail of exploration expenditure commitment and Annual Report 2014 for employment agreements.

### 13. Related party transactions

	31 December 2014	30 June 2014
	\$	\$
<b>Balances</b>		
Annual leave balance payable to Raymond Shaw	16,828	16,828
Remuneration payable to Raymond Shaw <sup>(1)</sup>	24,415	49,712
Balance payable to related parties	<u>41,243</u>	<u>66,540</u>

<sup>(1)</sup>Executive director's fees are paid to Vanibe Pty Ltd in which Director, Dr Shaw is a director and shareholder.

#### Other transactions

The directors were reimbursed for expenses incurred.

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014



### 14. 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:

	31 December 2014 No.	31 December 2013 No.
<b>Post-consolidated</b>		
Weighted average number of shares: basic and dilutive	18,909,506	2,619,729

The Options are not dilutive as at 31 December 2014.

### 15. Events subsequent to balance date

On 13 February 2015, the Company announced that the proposed acquisition of Holiday Planet, Asia Escape and Motive Travel will not proceed. The Company is currently in suspension until 16 March 2015.

As announced on 2 March 2015 the Company is currently in negotiations with a number of potential bidders for the acquisition of all or some of its mining assets located in Peru and Chile. Completion of any transaction arising from these negotiations may require both shareholder and ASX approvals.

### 16. Company information

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



## DIRECTORS' DECLARATION



The directors of the Company declare that:

1. 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; and
2. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
  - b) Complying with Accounting Standards AASB 134 Interim Financial Reporting.

This declaration is made in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporation Act 2001*.

On behalf of the Directors

Dr Raymond D Shaw  
Executive Director and Chairman

Sydney, 16<sup>th</sup> March 2015



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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Red Gum Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Red Gum Resources Limited (the consolidated entity). The consolidated entity comprises both Red Gum Resources Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Red Gum Resources Limited are responsible for the preparation of the half-year 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* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red Gum Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Red Gum Resources Limited on 16 March 2015.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Gum Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Inherent Uncertainty regarding Going Concern*

Without qualification to the conclusion expressed above, attention is drawn to the following matters:

As referred to in note 5 to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2014, the entity had cash and cash equivalents of \$533,456 and net working capital of \$471,305. The entity had incurred an operating loss for the six months ended 31 December 2014 of \$2,080,517.

The ability of the Company to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the Company raising further working capital, and/or successfully exploiting its mineral assets. In the event that the entity cannot raise further equity, the entity may not be able to meet its liabilities as they fall due and the realisable value of the consolidated entity's non-current assets may be significantly less than book values.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
16 March 2015