



10 April 2015

ASX: RGX

Dear Shareholder

Red Gum Resources Limited - pro-rata non-renounceable rights issue

As announced on 2 April 2015, Red Gum Resources Limited (ACN (119 641 986)) (**Company**) is undertaking an 11 for 12 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 19,900,380 (subject to rounding up) fully paid ordinary shares (**New Shares**) at an issue price of \$0.035 per Share (**Issue Price**), to raise up to approximately \$696,500 (before costs). New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 10 April 2015. The Offer is being made to all eligible shareholders of the Company (**Shareholders**) named on its register of members at 7:00pm (CST) on 16 April 2015, whose registered address is in Australia or New Zealand. Shareholder approval is not required in relation to the issue of the Shares pursuant to the Rights Issue.

The Offer is conditionally underwritten by Patersons Securities Limited (**Underwriter**). The Company must pay the Underwriter a management and underwriting fee of 6% (plus GST) of the total amount raised pursuant to the Offer. In addition there is a success based bookrunner fee of \$75,000 which is payable upon successful raising of funds under each of the share placement, convertible loan (both also announced on 2 April 2015), and the Rights Issue. In addition, the Company must reimburse the Underwriter for costs incidental to the Offer.

Following completion of the Offer, the Company will have issued approximately 19,900,380 New Shares (subject to rounding up) resulting in total Shares on issue of approximately 41,609,886, after also taking account of the 2,800,000 placement shares at \$0.035 each announced on 2 April 2015 and issued on 8 April 2015.

Purpose of the Offer

As announced on 16 February 2015 the Board, together with its advisers, has been reviewing the future direction of the Company, including future funding requirements and the suitability of its existing mining assets, in light of the previously announced travel services transaction not proceeding. The funds raised will be used for the Company to identify new opportunities, working capital and costs of the issue.

Prospectus

A copy of the Prospectus is available on ASX's and the Company's website at www.redgumresources.com. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 21 April 2015. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlements, fractions of entitlements have been rounded up to the nearest whole number of New Shares.



Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may take up all or some of your Shareholder's Entitlement for New Shares pursuant to the Prospectus (**Entitlements**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services Pty Ltd (**Share Registry**) by no later than 5pm (CST) on 1 May 2015, by either completing and returning your Entitlement and Acceptance Form together with your application money or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Shortfall Shares

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlements. However, an Eligible Shareholder may make application for additional shares which may be available as a result of a shortfall in acceptances – The Shortfall Offer. The Shortfall Offer is a separate Offer made under the Prospectus and full details are included in the Prospectus. The Directors, in conjunction with the Underwriter, reserve the right to issue Shortfall Shares at their absolute discretion.

Key dates for the Offer

Lodgement of Prospectus with the ASIC	Friday, 10 April 2015
Lodgement of Prospectus & Appendix 3B with ASX	Friday, 10 April 2015
Notice sent to Shareholders	Friday, 10 April 2015
Ex date	Tuesday, 14 April 2015
Record Date for determining Entitlements	Thursday, 16 April 2015
Prospectus sent out to Shareholders & Company announces this has been completed	Tuesday, 21 April 2015
Closing Date*	Friday, 1 May 2015
Shares quoted on a deferred settlement basis	Monday, 4 May 2015
ASX notified of under subscriptions	Wednesday, 6 May 2015
Issue date/Shares entered into Shareholders' security holdings	Friday, 8 May 2015
Deferred settlement ends and quotation of Shares issued under the Offer commences	Monday, 11 May 2015

If further information is required please contact your financial adviser or Mal Lucas-Smith, Red Gum Resources Limited's Company Secretary, on +61 0418 366 532.

Yours sincerely

M E Lucas-Smith
Company Secretary