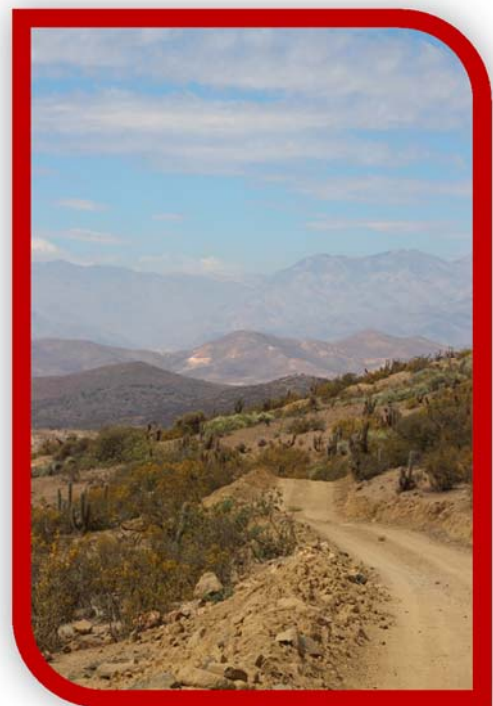




# Activities Report & Appendix 5B

## Period Ending 31 March 2015





## HIGHLIGHTS

- Company undertakes capital raising to strategically strengthen its funding in anticipation of a period of negotiation and additional costs associated with the introduction of a new business activity.
- Following the failure of the travel group acquisition to proceed the Company initiated discussions with other parties for the introduction of new business activities.
- Company seeking to rationalise its existing mining concession portfolio as precursor to the introduction of a new business activity.

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## ACTIVITY REVIEW

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, other than administration costs to ensure that Red Gum's 100% owned concessions, at Cerro Huancash, Chongos and La Negra, remain in good standing. No safety or environmental issues were reported.

As announced on 13 February 2015, the Board, together with its advisors, has been reviewing the Company's future direction, including the appropriateness of retaining its existing mining assets in light of the proposed acquisition of travel assets not proceeding. The Board, having now concluded that these mining assets are unlikely to be relevant to the future business interests of Red Gum, undertook discussions and negotiations with a number of parties for disposal of all, or some, of the Company's mining assets. The completion of any such rationalisation transactions arising from these negotiations may require both shareholder and ASX approvals.

On 13 February 2015, the Company also announced that the transaction involving acquisition of the three travel entities - Holiday Planet, Motive Travel and Asia Escape, would not proceed. As subsequently announced to the market, the Board and its advisors have been reviewing the future direction of the Company, including future requirements and discussions with third parties involving the introduction of new business opportunities.

Given the need to ensure that the Company is appropriately financed to undertake this task in an acceptable timeframe, and in a way which protects the interests of shareholders, a trading halt was requested on 31 March 2015 as a precursor to the Company announcing that it intended to commence a capital raising. With the assistance of Paterson Securities Limited, the raising involves a placement, convertible loan and fully underwritten rights issue which would provide \$1.28 million, before costs.

### The Capital Structure of the Company as at 31 March 2015:

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

No new securities were issued during the Reporting Period.



## **Subsequent Events**

### **▪ Securities issued:**

On 8 April 2015, 2,800,000 ordinary fully paid shares were issued to sophisticated investors at \$0.035 per share raising \$98,000.

The Company also announced on 10 April 2015:

- A Converting Loan for \$490,000 that will convert into 14,000,000 shares at \$0.035 per share, subject to shareholder approval; and
- A Non-renounceable Rights Issue to be completed in May 2015 on the basis of 11 shares for every 12 held, at \$0.035 per share.

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

The Company is to hold an EGM on 21 May 2015 at which Shareholders will be asked to ratify the placement made on 8 April 2015, and to approve conversion of the Converting Loan into circa 14,000,000 shares, subject to rounding.

There have been no other significant events between 1 April 2015 and the date of this Report.

## **Reconciliation of expenditure**

This is the third 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 \$13,000. The variance is due to fluctuations in foreign exchange rates. The exploration and evaluation expenditure is as forecast.

## **Administration**

In the period ending 31 December 2014 transaction and administration costs for the Quarter ending 31 March 2015 had been estimated at \$320,000. This compares to actual expenditures during the 31 March 2015 Reporting Period of \$221,000; comprising \$131,000 of transaction costs and \$90,000 for continuing administration costs. The decrease in actual expenditure was due to certain transaction costs not being incurred as a result of the travel group transaction not proceeding, and the Company's success in negotiating more favourable arrangements with service providers. As noted in the Appendix 5B for the previous reporting period, the vast majority of administration and corporate costs were effectively one-off costs associated with that proposed travel group transaction.



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

Cash at 31 March 2015 amounted to \$300,675.

In April 2015, \$98,000 was raised from the issue of 2.8 million ordinary shares, in addition a further \$696,513 is expected to be raised in accordance with the Rights Issue Prospectus lodged on 10 April 2015.

The Company also announced a \$490,000 Converting Loan on 2 April 2015 that will be converted to shares, subject to shareholder approval to be held at an EGM to be convened on 21 May 2015.

Attached is the Appendix 5B Consolidated Statement of Cash Flows for the period from 1 January 2015 to 31 March 2015.

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

Raymond D Shaw  
Chairman



**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 and in view of the announced anticipate change in fundamental business activities no longer seeks to pursue this project.



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 MARCH 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(13)	(43)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(90)	(549)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	17
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) Transaction costs	(131)	(1,199)
<b>Net Operating Cash Flows</b>		<b>(232)</b>	<b>(1,774)</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>

+ See chapter 19 for defined terms.



		Current quarter \$A'000	Year to date (9 months) \$A'000
1.13	Total operating and investing cash flows (carried forward)	(232)	(1,774)
	<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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(232)	(1,774)
1.20	Cash at beginning of quarter/year to date	533	2,075
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	301	301

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

### Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	66
4.2 Development	-
4.3 Production	-
4.4 Administration	111
<b>Total Company ongoing outflows</b>	<b>177</b>
Transaction costs	50
<b>Total</b>	<b>227</b>

In addition, estimated share issue costs of \$94,233 will be incurred when the recently announced underwritten rights issue is finalised (assuming full subscription). The majority of these costs will be paid out of the share issue proceeds which will amount to \$1.28 million on a fully subscribed basis.

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+ See chapter 19 for defined terms.

**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	302	533
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>302</b>	<b>533</b>

**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 (description)</b>	Nil	Nil		
7.2 <b>Changes during quarter</b> (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>	<i>Exercise price</i> \$4.40 \$0.44 \$6.60	<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 April 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.