

## Appendix 5B – June 30, 2013



## HIGHLIGHTS FOR THE REPORTING PERIOD

- Pre-drill logistics, including Land Access and Community Agreements at the West and East Majada Project areas in Chile completed in record time, following acquisition of geophysical data by Red Gum in Q1 2013.
- Drilling Rig contracted and diamond core drilling commenced. In excess of 1300 m, of a proposed 1500 m, drill-hole program completed in the previously undrilled Majada East and West Project areas in Chile.
- Visual inspection of retrieved Majada core indicates that oxides and sulphides have been intersected in most holes.
- Initial interpretation is that the mineralisation represents typical IOCG style in an oxide to sulphide transition zone.
- Company is actively pursuing third party involvement in progressing its exploration program for the Cerro Huancash Project in Peru.
- Successful completion of a fully underwritten Renounceable Rights Issue announced on 6th May 2013 raising approximately \$1.125 million.
- Appointment of new executive and non-executive directors.



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## Operational Activities

### Drilling Program - Majada Project

During the early part of the Reporting Period (1 April to 30 June 2013) the Company negotiated Land Access Agreements with the relevant owners, occupiers, community groups and their legal representatives, as part of the pre-drill logistics. The co-operation of all stakeholders was gratefully appreciated and enabled Red Gum to contract a drilling company, HSB Sondajes, to undertake an inaugural program involving a minimum of 1500 metres of diamond coring within the Majada Project area, within two months of completing geophysical surveys undertaken by the Chilean subsidiary of the Canadian QUANTEC.

A program of eleven holes, ranging between 100 m and 150 m total depth, was designed to test the mineralisation at a number of sites -- near artisanal workings and /or geophysical anomalies delineated during the recent survey undertaken by QUANTEC on behalf of Red Gum. Field mapping shows that sulphide mineralisation (including bornite and chalcopyrite) is hosted in porphyritic andesites, volcanoclastics, and alternation zones adjacent to granodiorite intrusives, as well as within fractured shear boundaries. Drill site locations were selected in order to provide an overall “proof of concept” of a regional model of mineralisation and thus confirm key parameters which control regional mineral-charged fluid flow, in order to predict areas of prospective mineral resources.

As at the end of the Reporting Period nine holes, of the eleven hole program, had been completed. Visual inspection indicated that oxides and sulphides have been intersected in most bore holes. Initial interpretation is that the mineralisation represents typical Iron Ore Copper Gold (IOCG) style in an oxide to sulphide transition zone. First assay results for the initial drill holes were received after the end of the Reporting Period and released to the ASX on 23<sup>rd</sup> July 2013.

The Majada Project encompasses two separate Copper-Gold mineralisation trends, totalling over 5 km in length. The Majada Project is located within an established IOCG Belt of northern Chile, approximately 120 kilometres south of La Serena in Region IV. The project consists of 587 hectares of third party exploitation mineral claims, distributed in two geographically separated areas; Majada Este (East) and Majada Oeste (West). The Majada Project is close to two significant IOCG discoveries – Manuelito and San Lorenzo. It is proximal to both power and road infrastructure and lies at relatively low altitudes (~600 m) where it is not impacted by adverse weather windows.

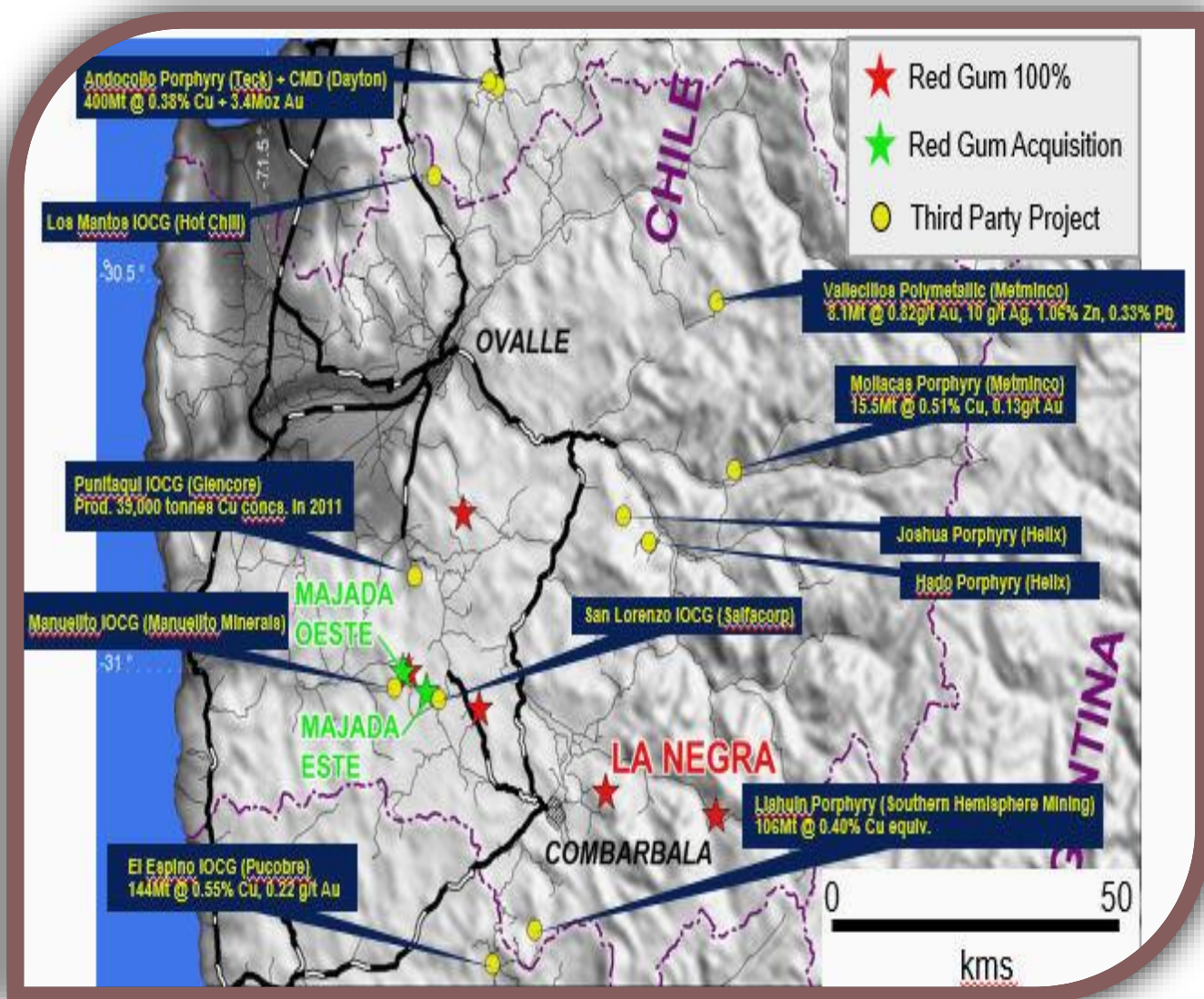




## About the Majada Copper-Gold Project

The Majada Copper-Gold Project is located within the IOCG Belt of northern Chile, approximately 120 kilometres south of La Serena in Region IV.

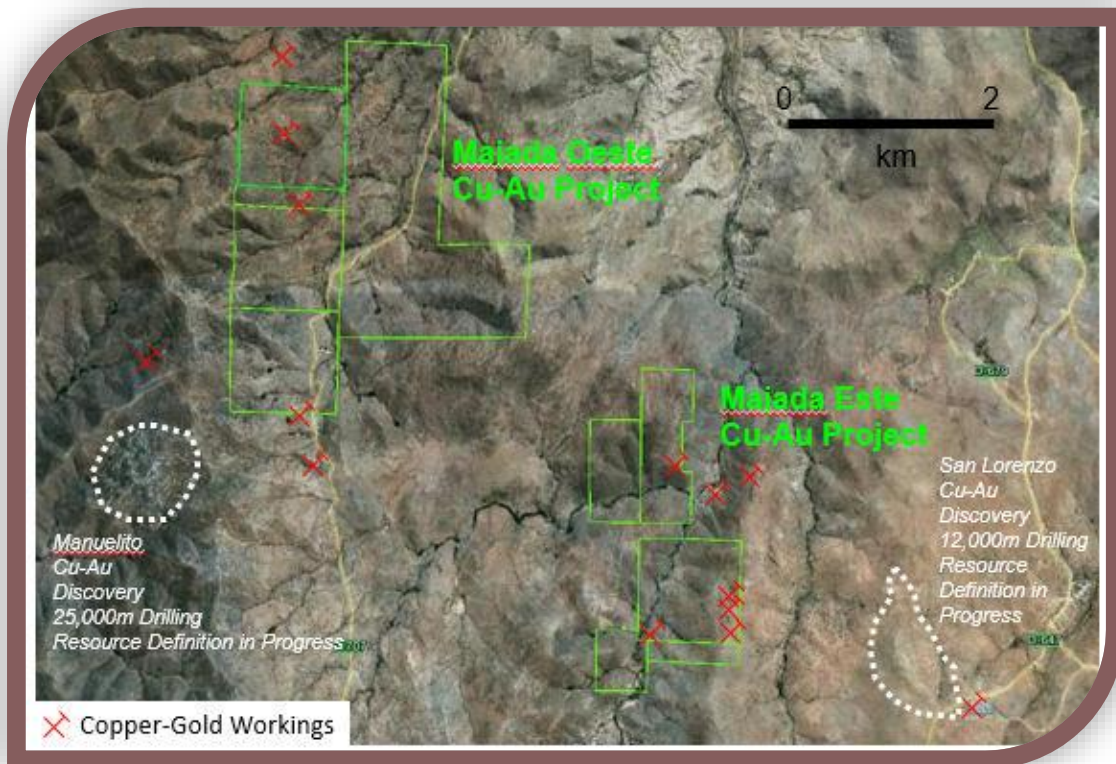
As outlined in an earlier ASX release, dated 27 March 2013, Red Gum has the right to earn a 100% interest in the nine claims comprising the Project. The nine claims total 587 hectares of third party exploitation mineral claims, distributed in two geographically separated areas; Majada Este and Majada Oeste.



In addition, Red Gum has applied for new exploration claims adjoining the Majada Oeste area, totalling an additional 400 hectares. Despite numerous shallow surface workings there is no evidence of pre-existing drilling within the Majada area.

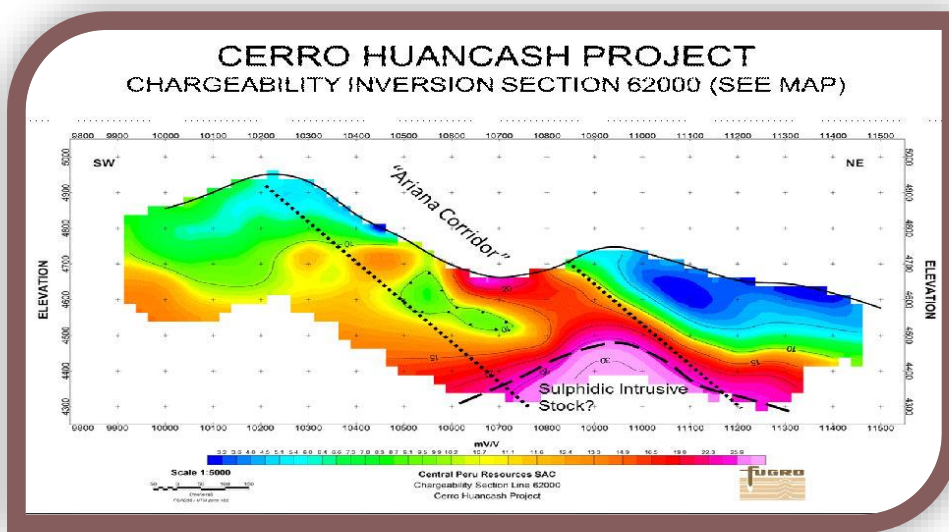
The **Majada Este** area, comprising five mineral claims totalling 267 hectares, contains a number of oxide pit workings coincident with the surface outcrop of a belt of intensely sheared and altered andesite volcanics, along the contact of granitic intrusive rocks located to the west. In addition, dump material from a number of small underground adits, at topographically lower levels, display strong sulphide mineralisation (including bornite and chalcopyrite).

**Majada Oeste**, comprising four claims totalling 320 hectares, is located on a broad N-S brittle-ductile shear zone, mapped along the contact between granitic intrusive rocks and andesitic volcanic rocks. The distribution of artisanal workings suggests that this zone controls copper-gold mineralisation within the area. Although there has been no previous historical exploration drilling on this area it was subject to geochemical sampling, and some magnetic and induced polarisation surveying in 1999. Surface geochemistry sampling of the oxide mineralisation, which was being exploited in the pits, reported maximum copper values up to 2.53% and maximum gold values up to 4.04 g/t (although these have not been verified). Red Gum's geological mapping has defined a NNW-SSE striking, moderately W-dipping shear zone structure over 3.0 km of strike length.



### Third Party Participation – Cerro Huancash Project

As announced to the ASX on 04 June 2013, following representations, Red Gum is actively pursuing third party involvement in its exploration program at Cerro Huancash in Chile. This project directly adjoins Southern Peak Mining's Ariana Norte Project. Red Gum's IP geophysical survey, acquired in late 2012, identified strong chargeability anomalies inferred to be sulphidic metal systems, extending from surface to +250 m depth and mappable over +850 metres along strike length, open to the north and south. Surface exploration by Red Gum indicates high zinc, lead, copper, silver and gold concentrations are present at Cerro Huancash as skarn and marble outcrops. Although never drilled, the geochemical sampling, magnetic and IP geophysical survey results confirm surface mapping of the so-called "Ariana Corridor", which is the focus of Southern Peak's extensive exploration and development activities in the adjacent concession.



Although at an early stage Red Gum is discussing with third parties project based transactions, as a means of funding a future exploration (drilling) program.

During the Reporting Period the Company's representative met with the local authorities of the Comunidad de Carampoma in order to maintain community agreement for access to the Cerro Huancash Project area.





## Corporate Activities

### Drilling Right's Issue

In accordance with a Prospectus, dated 9 May 2013, Red Gum made a fully underwritten pro-rata renounceable entitlement offer to Shareholders of 37,489,364 ordinary shares in the capital of the Company for every two Shares held by eligible shareholders at an issue price of \$0.03 cents per Share, to raise up to approximately \$1.125 million, together with one free attaching unquoted short dated option for every two Shares issued, exercisable at \$0.07 per Option on or before 15 November 2013, and one free attaching quoted long dated option for every two Shares issued, exercisable at \$0.10 and expiring on 1 March 2016. Following the close of the offer on 5 June 2013, 6,223,005 Entitlement Offer Shares, equating to 16.6% take-up of the entitlement on offer, had been lodged. DJ Carmichael Pty Ltd, as Underwriter to the Entitlement Offer, took up 31,266,365 Shortfall Shares from the issue.

Funds raised from the Entitlement Offer will be used for

- Tenement acquisition costs, exploration and drilling costs; and
- General working capital and costs of the offer.

### Changes to Board

As announced to the ASX on 17 June 2013, Ms Jennifer Tobin joined the Board of Red Gum as an independent Non-Executive Director, following the resignation of Dr Paul Pearson the former Managing Director. Ms Tobin, who is a Partner at Minter Ellison Lawyers based in Adelaide, has over 20 years of corporate law experience specialising in the resources sector.

Ms Tobin's corporate experience includes a broad range of commercial and resources projects, including advising on major projects, international transactions and foreign investment, capital raisings, and acquisition of companies and businesses. She has also been a director of a number of public companies and is well acquainted with corporate governance issues. Ms Tobin holds LL.B and B.A degrees from the University of Adelaide, and is a member of the AICD, the Corporations Committee of the Business Law Section of the Law Council of Australia, and the SA Branch of the Resources and Energy Law Association (AMPLA).

The appointment of Ms Tobin follows the announcement to the ASX on 29 April 2013 that Dr Raymond Shaw had been appointed Executive Chairman of the Company following the tendering of Dr Paul Pearson's resignation as Managing Director, which took effect in June 2013.





## Notice of Extraordinary General Meeting

As announced to the ASX on 24 June 2013, a Notice of an Extraordinary General Meeting was sent to shareholders for a meeting which was held on 25 July 2013. The purpose of this Meeting was to consider two resolutions which were passed enabl completion of considerations to be paid, by way of options, to our Underwriter, DJ Carmichael Pty Ltd, and to various sub-underwriters pursuant to the fully underwritten renounceable rights issue which closed on 5 June 2013.



## COMPETENT PERSON'S STATEMENT

The information in this Report, or where applicable the information in the Report to which this statement is attached, that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consultant Mike Easdon. Mr Easdon holds B.Sc and M.Sc degrees from McGill University Canada and has more than 40 years industry experience, principally in North America and Latin America, in precious and base metal mineral exploration and development. Mr Easdon is not employed by the Company or by any other party, and is a consultant. He is a member of a "Recognised Overseas Professional Organisation" included in a list promulgated by the ASX from time to time, since he is a Certified Practicing Geologist (CPG07646) with the American Institute of Professional Geologists.

Mr Easdon has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Easdon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



## CORPORATE AND FINANCIAL

### Reconciliation of expenditure

This is the fourth quarterly report for Red Gum Resources Limited for the year ending 30 June 2013.

### Exploration and evaluation

The estimated exploration and evaluation expenditure cash flows amounted to \$245,000 actual expenditure amounted to \$612,000. The increase is due expediting land access, and drilling program costs for the Majada Copper-Gold Project.

### Administration

The estimated administration expenditure cash flows included in the previous report amounted to \$155,000, actual expenditure amounted to \$227,000. The increase is due to higher professional fees, including termination payment to Dr Pearson and capital raising costs and travel costs.

### Cash at the end of the Quarter

Cash at 30 June 2013 amounted to \$750,318.

Attached is the Appendix 5B Consolidated Statement of Cash Flows for the period from 1 April 2013 to 30 June 2013.



.....  
Raymond D Shaw  
BSc (Hons), PhD, University of Syd, Member of AusIMM



## *Mining exploration entity quarterly report*

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RED GUM RESOURCES LIMITED

ABN

ABN 66 119 641 986

Quarter ended ("current quarter")

30 June 2013

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors –sale of project	-	-
1.2 Payments for (a) exploration & evaluation	(612)	(2,275)
(b) development	-	-
(c) production	-	-
(d) administration	(227)	(856)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(836)</b>	<b>(3,096)</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>
1.13 Total operating and investing cash flows (carried forward)	<b>(836)</b>	<b>(3,096)</b>





	Current quarter \$A'000	Year to date (12 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(836)	(3,096)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	1,255	1,255
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material) Share Issue Costs	(180)	(180)
<b>Net financing cash flows</b>	<b>1,075</b>	<b>1,075</b>
<b>Net increase (decrease) in cash held</b>	<b>239</b>	<b>(2,021)</b>
1.20 Cash at beginning of quarter/year to date	532	2,792
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	<b>771</b>	<b>771</b>

### Payments to directors of the entity and associates of the directors

### Payments to 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	147
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
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- 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
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### 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 stand by arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(250)
4.2 Development	-
4.3 Production	-
4.4 Administration	(150)
<b>Total</b>	<b>(400)</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	750	532
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)	<b>750</b>	<b>532</b>



## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	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	Preference +securities (description)	Nil	Nil	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	
7.3	+Ordinary securities	<b>112,468,097</b> Includes 30,425,932 escrowed shares	<b>82,042,165</b>	
7.4	Changes during quarter (a) Increases through Escrow release  12/6/2013 18/6/2013 Share issue (b) Decreases through returns of capital, buy-backs	-  6,223,005 31,266,365 <b>Total 37,489,370</b> Nil	-  6,223,005 31,266,365 <b>37,489,370</b> Nil	
7.5	+Convertible debt securities (description)	Nil	Nil	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil	



	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7	<b>Options</b> ( <i>description and conversion factor</i> )		<i>Exercise price</i>	<i>Expiry date</i>
	18,744,690	Nil	\$0.07	15/11/2016
	<u>18,744,690</u>	<u>18,744,690</u>	\$0.10	01/03/2016
	<u>37,489,380</u>	<u>18,744,690</u>		
	1,000,000	Nil	\$0.25	25/11/2014
	1,000,000	Nil	\$0.30 or \$0.35	25/11/2016
	1,000,000	Nil	\$0.35 or \$0.40	25/11/2017
	<u>1,000,000</u>	<u>Nil</u>	\$0.40 or \$0.60	25/11/2018
	<u>4,000,000</u>	<u>Nil</u>		
	<b>41,489,380</b>	<b>18,744,690</b>		
7.8	<i>Total</i>			
	Issued during quarter			
	12/06/2013	3,111,506	Nil	\$0.07
	12/06/2013	3,111,506	3,111,506	\$0.10
	18/06/2013	15,633,184	Nil	\$0.07
	18/06/2013	<u>15,633,184</u>	<u>15,633,184</u>	\$0.10
		<b>37,489,380</b>	<b>18,744,690</b>	
7.9	Exercised during quarter	Nil	Nil	
7.10	Expired during quarter	Nil	Nil	
7.11	<b>Debentures</b> ( <i>totals only</i> )	Nil	Nil	
7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	Nil	Nil	

### 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Mr Malcolm Lucas Smith (Company Secretary)



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Date: 29 July 2013



## 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

