



ASX ANNOUNCEMENT

February 24, 2014

ASX : RGX

Renounceable Entitlement Issue and Converting Loan Agreements

Renounceable Entitlement Issue

Red Gum Resources Limited (“Red Gum” or “Company”) advises that the Company has entered into a mandate with DJ Carmichael Pty Limited (“DJ Carmichael”) to undertake and underwrite a pro rata renounceable entitlement issue on the basis of two (2) new shares for every three (3) shares on issue at an issue price of \$0.003 per share, together with one (1) free option for each four (4) new shares issued, to raise approximately \$650,000. The options issued will be exercisable at \$0.01 on or before 15 November 2017, and (subject to ASX approval) will be listed following the entitlements issue (“Offer”).

The Offer is intended to be fully underwritten by DJ Carmichael.

Further details relating to the Offer will be outlined in the Prospectus to be lodged with ASIC shortly.

Converting Loan Agreements

In addition, Red Gum wishes to advise that the Company has agreed to enter into a number of Converting Loan Agreements with clients of DJ Carmichael to borrow \$300,000 (“Loans”).

Subject to shareholder approval at an Extraordinary General Meeting (“EGM”), to be scheduled as soon as practicable, and to Red Gum being in compliance with the ASX Listing Rules and the Corporations Act, the Loans will be convertible into fully paid ordinary shares in Red Gum at the conversion price of \$0.003 per share. For each 4 shares issued, Red Gum will also issue one free option exercisable at \$0.01 per share on or before 15 November 2017. In the event that the Loans are fully converted, Red Gum will issue 100,000,000 shares and 25,000,000 options to satisfy the repayment obligation of the Loans.

If the Loans are unable to be converted for any reason, they shall be repayable by 1 May 2014.

Executive Chairman of Red Gum Dr Ray Shaw, noted that the funds raised will be used for general working capital, including the costs of the issue, and for identification of new opportunities with a view to re-invigorating the Company’s business strategy in order to maximise the future value for all shareholders.

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Voluntary Suspension

Red Gum is currently also negotiating with DJ Carmichael a placement of shares, that the Company is able to make in accordance with ASX Listing Rules 7.1 and 7.1A. As the details of this placement and further details of the Offer are yet to be finalised, and are commercially sensitive, the Company seeks to remain in voluntary suspension until these details are clarified and announced to the market, on or before 3 March 2014.

For further information please contact:

Dr Raymond Shaw, Executive Chairman

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