



ASX ANNOUNCEMENT

28 April 2014

CORPORATE UPDATE

Red Gum Resources Limited (RGX or the “Company”) provides the following update on activities.

Results of Extraordinary General Meeting

As announced separately, all resolutions put before Shareholders at today’s EGM were passed unanimously by a show of hands. Shareholder resolutions approved two prior placements, the ability for the Company to raise further funds if required as well as the approval of the convertible loans and options attaching to those loans.

New Opportunities

As previously announced the Board has been reviewing a number of new opportunities, including those outside of the resources sector, as part of its strategy of reinvigorating shareholder value. The Company is in advanced negotiations with parties representing a non-resources sector, value generating and profitable business opportunity. The Company will keep the market updated with developments.

Transitional Arrangements

Pending the future direction of the Company becoming clearer the Board has implemented a number of cost cutting measures aimed at minimising outflows and preserving cash reserves. Non-essential exploration related activities in Chile and Peru have been curtailed or suspended. The Executive Chairman agreed to suspend key terms of his existing service contract during this period of reduced work load, and receive remuneration in line with the Board’s non-executive directors.

In addition the Company has reviewed and implemented cost cutting programs for its Peruvian and Chilean administration overheads – Including the relocation and consolidation of the Combarbala operations to Santiago, and suspension of applications for new concessional areas.

In light of the lack of investor interest in the Majada Project, and notwithstanding two new mineralisation discoveries during the 2013 drilling program, the Company also decided to put on hold further option payments and enter into discussions to re-negotiate terms of the farmin agreements with the concession holders at Majada. The Company has given notice of its intention to withdraw but at the same time has sought to renegotiate terms with the concession holders in order to minimise further cash payments for the project until the future focus of the Company’s activities is clarified. Under the terms of the farmins, announced in March 2013, the Company has the right to acquire 100% interest in nine claims, comprising the Project, by making staged, six monthly, optional payments totalling 679.5 million Chilean pesos (A\$ 1.44 million at the then exchange rate) to the

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owners over a 3 year period; the Company being entitled to withdraw without penalty at any time during that period.

Red Gum's 100% owned concessions, at Cerro Huancash, Chongos and La Negra, will continue to be maintained in good standing.

Executive Chairman of Red Gum Resources Limited, Dr Ray Shaw, said that *"coupled with the decisive action which the Company has already taken to reduce operational and administrative overheads, today's shareholder approvals put the Company in a strong position to pursue new opportunities"*.

*****ENDS*****

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