

12 October 2015

Australian Securities Exchange (**ASX**)
Level 40, Central Park
152-158 St George's Park
Perth, WA 6000



PROPOSED DIVIDEND POLICY OF MCS SERVICES LIMITED

Red Gum Resources Limited (**Red Gum**) (**RGX**) (**Company**) is pleased to announce an update to the announcement made 3 August 2015 "Acquisition of Profitable and Growing Security Businesses" (**Transaction**). On Completion of the Transaction the Company will be renamed MCS Services Limited. The Company intends to target a dividend payout ratio of 80% of audited net profit after tax (**NPAT**) subject to the further provisions of the proposed dividend policy of the Company set out below.

Also announced 3 August 2015:

- The combined MCS Security Group Pty Ltd and John Boardman Pty Ltd (trading as Intiga Security) reported normalised NPAT of \$1.69 million for financial year ending June 2015;
- Management are incentivised to achieve a \$1.92 million NPAT for the financial year ending 30 June 2016; and
- Based on the capital raising price, the market capitalisation of the Company is expected to be approximately \$10.1 million at completion of the Transaction.

Proposed Dividend Policy of the Company

Dividends and other distributions with respect to the fully paid ordinary shares of the Company (**Shares**) will be made at the discretion of the Company's Board of Directors (**Board**). The payment of dividends is not guaranteed and the Company's dividend policy may change. The Board's decisions in relation to the level of reserves and retentions may affect any dividends or distributions shareholders receive from Shares.

In determining dividends payable to Shareholders, the Company must comply with the Corporations Act and the Company's Constitution. Factors expected to influence or affect the Board's decision to pay dividends over time include:

- any statutory or regulatory requirements;
- the financial performance of the Company;
- one-off or non-recurring events;

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- non-cash items such as provisions;
- the Company's capital expenditure and liquidity requirements;
- the availability of imputation credits;
- prevailing business and economic conditions;
- the outlook for all of the above; and
- any other factors deemed relevant by the Board.

Subject to the above, the Company will target a dividend payout ratio of 80% of audited NPAT.

For, and on behalf of, the Board of Directors of Red Gum Resources Limited.

Josh Puckridge
Executive Director

Cautionary Statement Regarding Forward-Looking Information

While the proposed dividend policy reflects the Board's current intention, the dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period. The Board has complete discretion on whether to pay dividends. Even if the Board decides to pay dividends, the form, frequency and amount will depend upon the Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors the Board may deem relevant.