2015

Red Gum Resources Limited

Annual Report 2015

ABN: 66 119 641 986

CONTENTS

HIGHLIGHTS

- Significant progress finalising proposed change of business, with Heads of Agreements and Share Sale Agreements signed for the acquisition of two independent WA based, reputable, security services entities.

- Successful capital raisings in April and May 2015 provide strong funding position to assess new business opportunities and execute new business strategy.

- Company commences Shareholder and Regulatory approval processes for acquisition and relisting as it shifts focus to the security services industry.

- Expenditures and overheads on previous core mining exploration activities reduced by the sale and settlement of the Peru based activity.

- The 100% owned Chilean mining assets remain secured in good-standing with sale negotiations continuing.

CHAIRMAN'S STATEMENT

Dear Shareholder,

On behalf of the Board of Red Gum Resources Limited (**RGX**) (**Company**), we are pleased to present the 2015 Annual Report covering the Company's financial performance and activities for the twelve months ended 30 June 2015 (**Year**).

As an exploration company listed on the Australian Securities Exchange (**ASX**), the Company has not been immune to the general downturn in investment demand for early stage exploration of precious metals and minerals. The Year has seen the Company take significant steps to create value for shareholders including the reconstitution of the Board of Directors and the divestment of the Company's Peruvian assets.

The new Boards' predominant efforts to create value for shareholders is defined by the proposed acquisition of MCS Security Group Pty Limited and Intiga Security (being the trading name of John Boardman Pty Limited) whereby the Company will be renamed MCS Services Limited and operate as a Western Australian security personnel business (**Acquisition**). The Company is currently preparing all required documentation for the approval of the proposed Acquisition.

The Board of the Company believes the Acquisition is a crucial step for RGX in ensuring the Company's longevity and growth in the best interest of its shareholders. On completion of the Acquisition (which is still subject to a shareholder vote and certain conditions being met) the Company will be renamed MCS Services Limited and will maintain operating revenues from its inherited operating contracts (see announcement made 3 August 2015 "Acquisition of Profitable and Growing Security Businesses").

The Board is confident as to the future of the Company and invites all shareholders to contact the Company should they have any queries pertaining to this Annual Report or the past or future activities of the Company.

Yours faithfully,

Josh Puckridge

Josh Puckridge
Director

Your directors present their report, together with the financial report on Red Gum Resources Limited ("Company") and its controlled entities ("Group") for the financial year ended 30 June 2015.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Josh R Puckridge – Non-Executive Director (appointed 27 May 2015)

Mr Puckridge is currently executive Director of Discovery Resources Limited (ASX: DIS) and is Non-Executive Director of Krucible Metals Limited (ASX: KRB) and Naracoota Resources Limited (ASX: NRR). Mr Puckridge has robust experience within funds management, mergers and acquisitions. Mr Puckridge was a former founding Director and Secretary of Windward Resources Limited (ASX: WIN).

Directorships in listed companies in past three years: RGX, DIS, KRB, NRR, WIN.

Mr Thomas J Pickett – Non-executive Director (appointed 27 May 2015)

Mr Pickett holds a Bachelor of Law and was admitted as a solicitor of the Supreme Court of Queensland in 1996. Mr Pickett has broad experience in the mining industry and has held a number of corporate roles in the mining and finance industries. Mr Pickett was a Non-Executive Director of Discovery Resources Limited (ASX: DIS) which recently completed a transaction to become Aquis Entertainment Limited (ASX: AQS), he is also Chairman of Dynasty Resources Limited and is the Executive Chairman of Cannindah Resources Limited (ASX: CAE). Mr Pickett was also a director of CuDeco Ltd (ASX: CDU) from 2002 to 2005, and continued in an advisory capacity until 2009 where he consulted in all aspects of the company's governance and compliance, operations and implementation of policies and procedures.

Directorships in listed companies in past three years: RGX, CAE, DIS, DMA.

Mr Edwin E Bulseco – Non-Executive Director (Appointed on 5 March 2014)

Mr Bulseco has a wealth of experience in capital markets and corporate strategic planning. Mr Bulseco is currently a corporate finance executive at a leading boutique corporate advisory. In addition to Mr Bulseco 's corporate finance experience, Mr Bulseco has served as senior equity research analyst at two of Australia's oldest stockbrokers.

Prior to working in capital markets Mr Bulseco held various internal consulting, corporate/strategic planning and commercial roles with Royal Dutch Shell where he spent seven years, resulting in the maturation and commercialisation of a number of global projects. During this period, Mr Bulseco gained valuable international experience in Europe, South East Asia and Africa.

Mr Bulseco holds a Bachelor of Commerce (Graduating with Merit) from the University of Wollongong in NSW.

Directorships in listed companies in past three years: RGX.

Dr Raymond D Shaw – Executive Director (retired on 28 May 2015)

Dr Raymond Shaw is a geologist and geophysicist with more than 30 years' experience in the resources and energy sectors including the oil, gas and coal industries. He has worked extensively throughout Australia and Asia in the private sector and has consulted extensively to industry, government, and international aid agencies on a variety of resource projects including the World Bank, Asia Development Bank and Ausaid. He was a part time consultant with the New South Wales Department of Mineral Resources for 7 years, providing input for petroleum exploration industry initiatives during the late 1990′s and early 2000's, and he was also a director of Hillgrove Gold Limited in the early 1990's.

Dr Shaw was founding Managing Director of Great Artesian Oil and Gas Limited and subsequently Managing Director of Bandanna Energy Limited, from 2008 until 2012. From 2010 until 2012 he was also a director of Wiggins Island Coal Export Terminal Stage 1 at Gladstone involved in the $3 billion development of a new 27 Mtpa coal export terminal.

Dr Shaw was a founding director of Red Gum Resources Limited and became Executive Director and Chairman of Red Gum Resources Ltd in 2013.

Dr Shaw holds a B.Sc. (Hons 1) and Ph.D. from the University of Sydney, a Dip Law (SAB), Grad Dip in Legal Studies (UTS) and is a Member of the Australasian Institute of Mining and Metallurgy and Member of the American Society of Petroleum Geologists.

Directorships in listed companies in past three years: RGX, RTD, BDN.

Ms Jennifer F Tobin – Non-Executive Director (retired on 28 May 2015)

Ms Tobin is a partner with the law firm Minter Ellison, having 20 years' experience in corporate law and mining, oil and gas law. Her specialities are in corporate law (mergers and acquisitions, corporate governance, ASX compliance, IPOs and other capital raisings, risk management and general commercial matters) and mining, oil and gas law.

Her corporate experience includes a broad range of commercial and resource projects, including advising on major projects, international transactions and foreign investment, capital raisings, and acquisition of companies and businesses. Ms Tobin has also been a director of a number of public companies and is well acquainted with corporate governance issues.

In 2013 and again in 2014 Ms Tobin was selected as one of Australia's 'Best Lawyers' for Corporate/Governance and Oil & Gas.

Ms Tobin holds LL.B and B.A. degrees from the University of Adelaide, and is a member of 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).

Directorships in listed companies in past three years: RGX.

Company secretary

Mr Malcolm Lucas-Smith was appointed Company Secretary of Red Gum Resources Limited on 1 February 2008. He has over 40 years' experience in finance, executive and non-executive management, property development, corporate secretarial and administrative services. Mr Lucas-Smith spent 12 years with State Bank of New South Wales and 18 years with the property finance and the property joint venture division of Australian Guarantee Corporation Limited (AGC), at that time a listed subsidiary of Westpac Bank. In September 1987 Mr Lucas-Smith formed his own corporate services business and has since worked within, and consulted to, the corporate sector often assisting new start-ups and existing operations proposing to list on the ASX. He has also provided local representative and registered office services for offshore entities.

Meeting of directors

During the financial year, 13 meetings of directors were held. Attendance by each director during the year is as follows:

	Directors' meetings	
	No. eligible to attend	**No. attended**
Mr Edwin Bulseco	13	13
Mr Thomas Pickett (appointed 27 May 2015)	-	-
Mr Josh Puckridge (appointed 27 May 2015)	-	-
Dr Raymond Shaw (retired 28 May 2015)	13	13
Ms Jennifer Tobin (retired 28 May 2015)	13	13

Given the size of the board and the Company, the board does not consider that separate committees are required; this matter will be reviewed by the board on a regular basis.

Operating results

The net comprehensive loss of the Company for the financial year ended 30 June 2015 was $2,470,632 (2014: $6,168,082).

The higher net comprehensive loss in the prior year was a result of the strategic changes which led to higher professional fees and mining field activities being put on hold that resulted in an impairment review of project assets and increased professional fees (primarily corporate advisory) compared with the previous year.

During the year $1,135,387 (2014: $nil) of transaction costs were incurred in relation to the proposed acquisitions of Holiday Planet, Asia Escape and Motive Travel that did not proceed. In addition, $510,771 (2014: $4,584,160) of capitalised project costs was written off as impaired following a review of all projects; $nil (2014: $411,894) of project expenditure was capitalised. In addition, $81,423 (2014: $226,409) of project expenditure was expensed as incurred.

Below are details of the principal project areas and activities conducted by the Company during the Reporting Period.

OPERATIONS

Overview

Operational activities of the Company during the 2015 Financial Year were dictated by the Board's continuing response to the weak market sentiment towards micro-capped, junior mining explorers, such as Red Gum.

As foreshadowed on several occasions during the year the Company pursued plans to sell its resources assets to enable it to focus on new business opportunities outside of the resources sector culminating in the sale of the Peruvian assets, Cerro Huancash in June 2015; the Peruvian company and Chongos asset after the year end; and continuing negotiations for the sale of the Chilean assets.

TRANSITION TO LEISURE & TOURISM BASED ACTIVITIES NOT PROCEEDING

On 13 February 2015 the Company announced that the proposed acquisitions of Holiday Planet, Asia Escape and Motive Travel would not be proceeding. Following advice, including consideration of the protracted nature of the transaction, the issues raised by ASIC noted in the ASX market release dated 27 January 2015, and the practical consequences of the inability to have the shares and options offered under the Prospectus listed within the 3 month period from the date of the Prospectus (which rendered any further extension of the Offer much more difficult), it was mutually agreed that the Offer would not proceed.

CAPITAL RAISING

On 2 April 2015 the Company announced a successful capital raising of circa $0.588 million via a placement and a convertible loan, and also announced a Non-renounceable Rights Issue to raise a further circa $0.7 milion which was ultimately underwritten by Patersons Securities Limited. Conversion of the convertible loan was approved by the shareholders at the EGM held on 21 May 2015. The total funds raised by the placement, the convertible loan and the NRRI, was $1.284 million before costs with the purpose being to fund the pursuit of new business opportunities as part of its new forward business strategy.

TRANSITION TO SECURITY BASED ACTIVITIES

As originally announced on 3 August 2015 the Company has entered into two separate share sale agreements with the shareholders of MCS Security Group Pty Ltd, ("MCS") and John Boardman Pty Ltd (trading as "Intiga Security") ("Intiga") by which it could acquire 100% of their issued capital (Refer Subsequent Events).

MCS and Intiga are Perth based and provide security services to the business and residential communities. MCS has been in operation for 10 years, and Intiga for 41 years, collectively they represent some 51 years of Western Australian based security services.

Subject to regulatory and Shareholder approvals, it is the intention of Red Gum Resources Limited to acquire MCS and Intiga in order to establish the largest security service provider in Western Australia. As part of the intended acquisitions, the Company will undertake a capital raising, and seek to relist the Company with Shareholders being asked to vote at an Extraordinary General Meeting convened to consider this, together with the acquisitions of MCS and Intiga, in accordance with the Corporations Act and ASX Listing Rules.

EXPLORATION AND MINING ACTIVITIES

La Negra Project, CHILE.

The La Negra Lead-Zinc-Silver (Copper-Gold) Project is 100% owned by Red Gum and is located within Region IV in Chile, approximately 360 km north-northeast of Santiago and approximately 10 km ENE of the mining town of Combarbalá. The project is easily accessible and, as the average elevation of La Negra is approximately 2,000 m above sea level, there are no weather window limitations.

The Company intends to dispose of its resources assets in order to seek new opportunities outside of the resources sector.

- **Community Relations, CHILE.**

Red Gum has ensured that during its active field processes, and more recently as it has withdrawn and put on hold its field activities within the Combarbala region, that it fulfilled all of its obligations with the communities in which it works. Having recognised the need to embrace community and governmental expectations Red Gum has sought to co-exist and develop sustainable relationships with local stakeholders in order to ensure that there was no impediment to development of its mining operations along side their activities and/or preserve its community good-will. As a consequence, our departure from Combarbala was met with considerable regret by those local communities all of whom have expressed a desire to again work with Red Gum should circumstances change in the future. Formal termination notices and all residual land access aspects of our former activities were negotiated with the Litipampa and Totorita communities, whose lands encompass the Majada Project area. The Company acknowedges its extreme gratitude for their assistance and understanding of Miguel Hauchari in establishing these relationships on behalf of the Company.

- **Health and Safety, CHILE.**

Red Gum has had a strong commitment to ensuring that its employees and contractors work in a safe environment with a commitment to zero harm. During the Reporting Period the Company continued to monitor and review, as appropriate, its safety and health management plans for its active projects and reported no safety incidents. During field operations regular safety meetings were held by the Company as well as daily tool box meetings by the contractors and initial inductions. For these activities Mr Alexjandro Molena has had overall responsibility for our mine sites in Chile.

Cerro Huancash and Chongos Concessions, PERU.

As reported under Highlights the Cerro Huancash has been sold to an adjoining third party, and the proceeds of $64,739 (USD $50,000) received. The remaining assets were also sold, as part of the sale of Central Peru Resources SAC ("CPR"), the 100% owned Peruvian company, which was sold subsequent to the year end. The transfer of shares is dated 11 August 2015 and the transfer is currently being processed by the relevant Peruvian authorities.

CORPORATE HIGHLIGHTS

Securities

On 18 December 2014, the shareholders approved the consolidation of securities on the basis of 1 share for every 44 shares held. The consolidation was competed on 29 December 2014.

During the year the following securities were issued:-

- On 8 April 2015, 2,800,000 ordinary shares were issued at $0.035 per share.
- On 11 May 2015, 19,900,699 ordinary shares were issued at $0.035 per share as part of a Non-Renounceable Rights Issue.
- On 21 May 2015, 14,000,007 ordinary shares were issued at $0.035 per share upon conversion of $490,000 convertible loan.

Extraordinary General Meeting ("EGM")

As announced to the ASX on 17 April 2015, the Company convened an EGM on 21 May 2015. Details of the business related to seeking shareholder ratification for the share placement in April 2015 and approval of the conversion of the Convertible Loans. All resolutions were passed unanimously by a show of hands.

Significant changes in state of affairs

As announced to the market on 3 August 2015, the proposed acquisition of profitable and growing security guard businesses that, once, completed will make the Group one of the largest security service providers in Western Australia by number of security personnel. The Company has entered into Binding Agreements to acquire 100% of MCS Security Group Pty ltd ("MCS") and John Boardman Pty Ltd (trading as Intiga Security) ("Intiga").

Principal activities

Red Gum Resources Limited's and its controlled entities' principal activity during the Reporting Period was mineral exploration and the accumulation and acquisition of prospective areas in Latin America.

As announced to the market on 3 August 2015 the Company intends to seek shareholder and regulatory approval to shift its focus from the mining sector to the security industry.

Directors and management believe that the Company will, subject to appropriate approvals, be placed in a strong position with the acquisition of MCS and Intiga. The new segment is forecast via management incentives to achieve NPAT of $1.92 million in the year ended 30 June 2016, compared to actual result of $1.69 million in the year ended 30 June 2015.

Events subsequent to balance date

On 3 August 2015, the Company announced to the market the proposed acquisition ("Transaction") of profitable and growing security guard businesses. The Company has entered into a binding agreement to acquire 100% of MCS Security Pty Ltd ("MCS") and John Boardman Pty Ltd (trading as Intiga Security) ("Intiga"). The major terms of the agreement are:

- acquire MSC by issuing 30,000,000 shares and $3,780,000 in cash;
- acquire Intiga by issuing 18,000,000 shares and subsequent to achieving NPAT of $1,920,000 by 30 June 2016, a further 6,000,000 shares;
- Transaction consulting fees to be paid by the issue of 8,000,000 shares;
- Company to conduct a $4,500,000 capital raising under a full form prospectus; and
- Company is to seek shareholder approval to implement an Executive incentive Scheme.

There have been no other matters or circumstances subsequent to the end of the Reporting Period that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

The likely future developments of the Company during the next financial year will involve ongoing, consolidation activity in the security industry sector in general, subject to shareholder approvals at a proposed Extraordinary General Meeting.

Dividends

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends have been made.

Remuneration Report (Audited)

This report outlines the remuneration agreements in place for directors and executives of Red Gum Resources Limited prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. Further comments on the establishments and structure of Board Committees are made in the Statement of Corporate Governance that is available on the website www.redgumresources.com.au.

For the purposes of this report Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Remuneration Report (continued)

For the purpose of this report, the term "executive" encompasses the Managing Director and Company Secretary of the Parent and the Group.

Red Gum Resources Limited received 100% of 'yes' votes on show of hands (note only 10.76% no votes were received by proxy) on its Remuneration Report for the financial year ended 30 June 2014. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Key management personnel

Names and positions held of Company's key management personnel in office at any time during the financial year are:

Mr Josh Russell Puckridge	Director – Non Executive (appointed 27 May 2015)
Mr Thomas Jon Pickett	Director – Non Executive (appointed 27 May 2015)
Mr Edwin Edward Bulseco	Director – Non Executive (appointed 5 March 2014)
Dr Raymond Douglas Shaw	Executive Chairman (appointed 11 May 2006, resigned 28 May 2015)
Ms Jennifer Frances Tobin	Director – Non Executive (appointed 14 June 2013, resigned 28 May 2015)
Mr Malcolm Lucas Smith	Company Secretary (appointed 1 February 2008)

Remuneration Committee
Due to the size of the Company's operations, the Directors did not believe that the establishment of a remuneration committee is warranted during the Reporting Period. All matters that would normally be the responsibility of a remuneration committee are dealt with by the full board of Directors. The Chairman is responsible for the annual review of Directors remuneration. The Board will continue to monitor the appropriateness of forming such a committee as future circumstances dictate.

Executive Compensation and Non-Executive Remuneration
The full Board of Directors sets remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation.

Non-Executive remuneration
During the year ended 30 June 2015, non-executive remuneration amounted to $75,000 (2014: $66,000).

Non-executive remuneration annual fees for each non-executive amount to $36,000 (2014: $36,000) per annum.

Fees and payments to non-executive directors will reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board will ensure that all directors' fees and payments are appropriate and in line with the market.

Executive remuneration
Dr Shaw's remuneration package as an Executive Chairman comprised $250,000 remuneration (including superannuation). Dr Shaw remuneration comprised a fixed director's fees of $36,000 (annual director's fee) per annum and up to $214,000 of executive fees. Under the Consultancy Agreement with Vanibe Pty Ltd, the executive fees are based on the number of hours Dr Shaw worked and is calculated on a daily consulting fee of $1,100 (excluding GST) if he works more than 40 hours per month. Any monthly consulting fee is reduced by $3,000 being the monthly annual director's fee. Dr Shaw has effective control over Vanibe Pty Ltd. Dr Shaw resigned on 28 May 2015.

Remuneration Report (continued)

During the year gross executive remuneration amounted to $143,315 (2014: $260,314). At 30 June 2015, $nil was payable (2014: $66,540 was payable, including annual leave provision of $16,828).

Key Management Personnel Compensation

Table of Benefits and Payments for the Reporting Period Ended 30 June 2015
The following table sets forth all annual and long term compensation for services in all capacities to the consolidated entity for the two most recently completed financial years, in respect of the individual(s) who were, at the end of the most recently completed financial year, acting as directors or executive officers.

		Short-term Benefits	**Equity-settled Share-based Payments**	**Post-employment benefits**	**Long-term benefits**	
Name and Position	Year	Salary $	Option based Remuneration $	Super-annuation $	Long Service Leave $	Total $
Non-Executive Directors						
Josh Puckridge Non-Executive Director Appointed 27 May 2015	**2015** 2014	**3,000** -	**-** -	**-** -	**-** -	**3,000** -
Thomas Pickett Non-Executive Director Appointed 27 May 2015	**2015** 2014	**3,000** -	**-** -	**-** -	**-** -	**3,000** -
Edwin Bulseco Non-executive Director Appointed 5 March 2014	**2015** 2014	**36,000** 12,000	**-** -	**-** -	**-** **-**	**36,000** 12,000
Jennifer Tobin Non-Executive Director Appointed 14 June 2013 Resigned 28 May 2015	**2015** 2014	**30,137** 32,952	**-** -	**2,863** 3,048	**-** -	**33,000** 36,000
Torey Marshall Non-executive Director Appointed 16 June 2007 Resigned 6 January 2014	**2015** 2014	**-** 18,000	**-** -	**-** -	**-** -	**-** 18,000
Total Non-Executive	**2015**	**72,137**	**-**	**2,863**	**-**	**75,000**
	2014	62,952	-	3,048	-	66,000

Remuneration Report (continued)

Name and Position	Year	Short-term Benefits Salary	Equity-settled Share-based Payments Option based Remuneration	Post-employment benefits Super-annuation	Long-term benefits Long Service Leave	Total
Executive Directors						
Dr Raymond Shaw Executive Chairman Appointed 11 May 2006 resigned 28 May 2015 Executive Director	**2015**	**140,453**	**-**	**2,862**		**143,315**
Executive Director (from 1 April 2013)	2014	229,575	-	30,739		260,314
Other KMP						
Malcolm Lucas Smith Company Secretary	**2015**	**78,754**	**-**	**-**		**78,754**
	2014	55,200	-	-		55,200
Total	**2015**	**291,344**	**-**	**5,725**		**297,069**
	2014	347,727	-	33,787		381,514

Notes:
(1) Remuneration is not based on performance criteria.
(2) Remuneration is not linked to Company performance or share price.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	**2015**	**2014**	**2013**	**2012**	**2011**
EPS (cents) post-consolidation	(10.38)	(125.05)	(55.88)	(43.12)	(4.84)
Dividends (cents per share)	Nil	Nil	Nil	Nil	Nil
Net loss attributable to owners of the Company	(2,459,852)	(6,041,721)	(970,058)	(504,906)	(43,544)
Share price (cents)	5.8[2]	1.0	3.0	5.0	n/a[1]

[1] The Company listed on the ASX on 17 January 2014.
[2] The shares were consolidated on a 1:44 basis during the year. Prior years are shown at pre-consolidated share prices.

Remuneration Report (continued)

Securities held by Key Management Personnel

Movement in shares held by Key Management Personnel including their related parties:

2015	Balance at the start of the year	Consolidation[6]	Shares acquired	Other changes	Balance at the end of the year
Josh Puckridge[1]	-	-	-	-	-
Thomas Pickett[2]	-	-	-	-	-
Edwin Bulseco[3]	5,010,000	(4,896,363)	285,714	-	399,351
Raymond Shaw[4]	10,537,854	(10,298,356)	-	(239,498)*	-
Jennifer Tobin[5]	1,454,170	(1,421,120)	100,000	(133,050)*	-
Malcolm Lucas Smith[8]	4,791,776	(4,682,872)	-	-	108,904
Total	21,793,800	(21,298,711)	385,714	(372,548)	508,255

* As at date of retirement/resignation

Movement in Options held by Key Management Personnel including their related parties:

2015	Balance at the start of the year[7]	Consolidation[6]	Options acquired	Other changes	Balance at the end of the year[7]
Josh Puckridge[1]	-	-	-	-	-
Thomas Pickett[2]	-	-	-	-	-
Edwin Bulseco[3]	1,250,000	(1,221,590)	-	-	28,410
Raymond Shaw[4]	750,013	(732,967)	-	(17,046)*	-
Jennifer Tobin[5]	318,126	(310,895)	-	(7,231)*	-
Malcolm Lucas Smith[8]	375,012	(366,489)	-	-	8,523
Total	2,693,151	(2,631,941)	-	(24,277)	36,933

* As at date of retirement/resignation

Notes:

(1) Josh Puckridge was appointed as a director on 27 May 2015.

(2) Thomas Pickett was appointed as a director on 27 May 2015.

(3) Edwin Bulseco's shares and options are held by Allison Bulseco, wife of Edwin Bulseco. During the year he acquired 285,714 shares at $0.35 as part of the non-renounceable right issue on 11 May 2015.

(4) Dr Raymond Shaw resigned as a director on 28 May 2015, at which time he held:

- 238,632 shares and 17,046 options are held by Raymond Douglas Shaw and Rita Barbara Jones ATF Shaw Jones Super Fund;
- 632 are held by Dr Raymond Shaw and Rita Barbara Shaw, wife of Dr Raymond Shaw; and
- 234 directly by Dr Raymond Shaw.

(5) Jennifer Tobin resigned as a director on 28 May 2015, at which time she held 133,050 shares and 7,231 options. During the year she acquired 100,000 shares at $0.35 as part of the non-renounceable rights issue on 11 May 2015.

(6) On 29 December 2014 the securities consolidation was completed and 1 security was issued for every 44 securities held.

(7) Options have an exercise price of $0.44 (pre-consolidation price $0.01) expire on 15 November 2017.

(8) Held jointly by Malcolm Lucas Smith and P D Lucas Smith, wife of Malcolm Lucas Smith.

Remuneration Report (continued)

Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and balances with related parties:	2015 $	2014 $
Directors fees		
Directors fees payable to Josh Puckridge (appointed 27 May 2015)(1)	3,000	-
Directors fees payable to Thomas Pickett (appointed 27 May 2015)(2)	3,000	-
Directors fees payable to Edwin Bulseco (appointed 5 March 2014)	36,000	12,000
Directors remuneration paid to Dr Raymond Shaw(3) (resigned 28 May 2015)	143,315	260,314
Directors fees paid to Jennifer Tobin (resigned 28 May 2015)	33,000	36,000
Directors fees paid to Torey Marshall (resigned 6 January 2014)	-	18,000
Directors fees and remuneration	218,315	326,314
Paid including accrued annual leave at 30 June 2014		
Accrued annual leave paid to Dr Raymond Shaw(3) (resigned 28 May 2015)	16,828	-
Balances owed to related parties		
Balance payable to Edwin Bulseco	3,000	-
Balance payable to Josh R Puckridge(1)	3,000	-
Balance payable to Tom Pickett(2)	3,000	-
Balance and annual leave payable to Dr Raymond Shaw(3)	-	66,540
Balance payable to related parties	9,000	66,540

(1) Mr Puckridge's director's fees are paid to Josh R Puckridge.
(2) Mr Pickett's director's fees are paid to a company in which Director, Mr Pickett is a director and shareholder.
(3) Since 1 April 2014 Dr Raymond Shaw's director's fees were paid to a company in which Director, Dr Shaw is a director and shareholder. During the year, accrued annual leave of $16,828 was paid to Dr Shaw.

Other transactions
The directors were reimbursed for expenses incurred.

End of Remuneration Report.

Share Options

The Company has the following history of share options outstanding:

	Number of Quoted Options	Number of Unquoted Options	Weighted Average Exercise Price
At 1 July 2013	18,744,690	22,744,690	$0.12
- Issued 2 August 2013[(2)]	36,266,365	5,000,000	$0.11
- Issued 5 August 2013[(3)]	6,222,998	-	$0.10
- Cancelled on 6 August 2013[(4)]	-	(3,000,000)	$0.40
- Expired 15 November 2013[(5)]	-	(18,744,690)	($0.07)
- Issued 14 April 2014[(6)]	38,801,500	-	$0.01
- Issued 17 April 2014[(7)]	9,700,373	-	$0.01
- Issued 28 April 2014[(8)]	40,000,000	-	$0.01
- Issued 28 April 2014[(9)]	44,163,555	-	$0.01
- Issued 28 April 2014[(10)]	467,554	-	$0.01
- Issued 23 May 2014[(11)]	16,867,018	-	$0.01
- Expired 9 June 2014[(12)]	-	(1,000,000)	($0.25)
- Issued 10 June 2014[(13)]	26,000,000	-	$0.01
At 30 June 2014	237,234,053	5,000,000	$0.04
At 1 July 2014	237,234,053	5,000,000	$0.04
- Consolidation on basis 1:44[(1)]	(231,842,276)	(4,886,363)	$1.53
At 30 June 2015	5,391,777	113,637	$1.57

The following table summarises information about the share options outstanding:

	Post-consolidation		Pre-consolidation	
Expiry Date	Number of Options 2015	Exercise Price 2015	Number of Options 2014	Exercise Price 2014
1 March 2016[(1,2,3,4)]	1,391,730	$4.40	61,234,053	$0.10
30 April 2016[(1,3)]	113,637	$6.60	5,000,000	$0.15
15 November 2017[(1,6,7,8,9,10,11,13)]	4,000,047	$0.44	176,000,000	$0.01
Balance at 30 June	5,505,414	$1.57	242,234,053	$0.04

Notes:

Current reporting period

(1) On 18 December 2014 the shareholders approved the consolidation of securities on the basis of 1 share for every 44 shares held. The consolidation was competed on 29 December 2014.

Prior reporting period (pre-consolidation)

(2) On 2 August 2013, 36,266,365 free quoted options (exercise price $0.10 expiring 1 March 2016) were issued to broker, underwriter and sub-underwriters pursuant to the fully underwritten renounceable rights issue.

(3) On 5 August 2013, 6,222,998 free quoted options (exercise price $0.10 expiring 1 March 2016) and 5,000,000 free unquoted options (issue price $0.15 expiring 30 April 2016) were issued to sub-underwriters pursuant to the fully underwritten renounceable rights issue.

(4) On 6 August 2013, 3,000,000 quoted options were cancelled following the resignation of Managing Director Dr Pearson.

(5) On 15 November 2013 18,744,690 quoted options expired unexercised.

(6) On 14 April 2014, 38,801,500 quoted options were issued under an Entitlement Offer, exercise price $0.01 expiring 15 November 2017.

Share Options (continued)

(7) On 17 April 2014, 9,700,373 quoted options were issued under the Entitlement Offer shortfall, exercise price $0.01 expiring 15 November 2017.
(8) On 28 April 2014, 40,000,000,000 free quoted options were issued to the underwriter, exercise price $0.01 expiring 15 November 2017.
(9) On 28 April 2014, 44,163,555 quoted options were issued on the conversion of a Convertible Loan, exercise price $0.01 expiring 15 November 2017.
(10) On 28 April 2014 467,554 attaching quoted options were issued, exercise price $0.01 expiring 15 November 2017.
(11) On 23 May 2014, 16,867,018 free quoted options were issued to the brokers, exercise price $0.01 expiring 15 November 2017.
(12) On 9 June 2014, 1,000,000 quoted options expired unexercised.
(13) On 10 June 2014, 26,000,000 free quoted options were issued to the brokers, exercise price $0.01 expiring 15 November 2017.

Diversity Report

Progress report on diversity strategies, initiatives and programs

Introduction
The following is the Diversity Report for the financial year ended 30 June 2015 for Red Gum Resources Limited ("the Company") prepared for the purposes of the Company's Annual Report for the year ended 30 June 2015.

The ASX introduced a requirement for all listed companies to adopt a Diversity Policy and a Diversity Strategy by no later than 30 June 2011, to disclose those documents to the shareholders, and to report to the shareholders each year on the current diversity position in the Company including culture, gender and age, and the progress towards achievement of the strategy objectives.

Diversity Policy
The Diversity Policy is based upon the recommendations of the ASX and the Australian Institute of Company Directors ("AICD") and as such will include requirements that may not be appropriate for a small company such as Red Gum Resources Limited. As with all matters included in the ASX Corporate Governance Principles and Recommendations, any recommendation that is not considered appropriate for the Company will be disclosed on an "if not why not" basis. The Policy is outlined at Schedule 10 in the Company's Corporate Governance Plan available on the Company's web site.

Responsibility
The Nomination & Remuneration Committee (if formed otherwise the Board) is charged with the responsibility for implementation of the Diversity Policy and the oversight of the Diversity Strategy progress and delegates that responsibility to the CEO. The Company Secretary is charged with the responsibility for reporting to the Committee each year in accordance with the requirements of the Policy.

Current Position

For the majority of the financial year ended 30 June 2015 there was an aggregate of 6 staff including Directors, employees and contractors (full and part time) in the Company. Of the aggregate 3 were female (including a Director and the Chief Financial Officer), 1 was of different ethnic or cultural background, and 1 was mature age. Consequently it could be said that the Company is already aware of the value of diversity and practices its attributes. It should be noted that as a result of the Board changes announced on 28 May 2015 the number of females has reduced to 2.

Diversity Strategy
The Diversity Strategy is also based upon the recommendations of the ASX and the AICD and sets various strategies, initiatives and programs designed to as far as possible achieve the aims and objectives of the Diversity Policy.

Diversity Report (continued)

The current position with each of the strategy items and the time frame for achievement or otherwise is listed in the following Table 1:

Table 1

Strategy, initiative or program	By when	Current position
Phase 1 – Strategies		
1.1(a) The development and adoption of the Policy	5/05/2011	Completed
1.1(b) Embody within the Statement of Corporate Governance	5/05/2011	Completed
1.1(c) Assignment of responsibility	5/05/2011	Completed
Phase 2 - Initiatives and Programs		
At Board / board Committee Level		
1.2(a)(i)(A) Diversity is embedded as a relevant attribute	5/05/2011	Completed
1.2(a)(i)(B) Any skill / gap analysis matrix includes due regard for the attributes of diversity	As required	Will be prepared when required
1.2(a)(i)(C) Clear statement exists as to the mix of skills and diversity that the Board is looking to achieve	5/05/2011	Stated below and Included in the Charter for the Board of Directors
1.2(a)(ii) When addressing Board succession planning	5/05/2011	Enshrined in the Charter for the Board of Directors
1.2(a)(iii) Inclusion of Diversity related KPIs for CEO and senior executives	30/09/2011	Completed
1.2(b)(i) Review the Company's HR policies	30/06/2011	Completed
1.2(b)(ii) Review the Company's physical environment & cultural practices to ensure compliance with the Policy	30/06/2011	Completed
1.2(b)(iii) Ensure that the Company's recruitment practices follow the Policy requirements	5/05/2011	Completed
1.2(c)(i) Commit to career development	5/05/2011	Completed
1.2(c)(ii) Develop standing program and provide budget for career development	Annual	As required

Specific Gender Diversity targets
It should be noted that the ASX recognises that there is an historical "skewed' pipeline of qualified and experienced personnel in the market and accordingly the gender diversity targets must be regarded as "soft". The gender diversity targets are detailed at Item 2(c) of the Diversity Strategy.

Statements of Skills and Diversity Objectives
The Board Charter detailed at Schedule 1 of the Company's Corporate Governance Plan available on the Company's web site, details the desirable composition of the Board and the diversity objectives are detailed at Schedule 10.

Diversity at Board Level and Generally
The Board respects the values and the competitive advantage of culture, gender, ethnicity and age "diversity", and the benefits of its integration throughout the Company. The Board has adopted a specific Diversity Policy (Schedule 10 of the Corporate Governance Plan) in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives.

When addressing Board succession planning (and other appointments throughout the Company) the Board has ensured that the Diversity Policy is respected, efforts are made to identify prospective appointees who have Diversity attributes and efforts are made for any short list of prospective appointees to include at least one male and one female candidate.

Diversity Report (continued)

Compliance
Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations in respect to diversity.

Environmental Regulations

There are significant environmental regulations surrounding mining activities conducted by Red Gum Resources Limited. However, there has been no breach of these regulations during the Reporting Period or subsequently as up to the date of this report.

Auditors

Stantons International Audit and Consulting Pty Ltd ("Stantons") were appointed as auditor of the Company on 27 November 2014 and the appointment was confirmed by shareholders at the 2014 Annual General Meeting of the Company. Stantons International Audit and Consulting Pty Ltd continues in that position.

Non-Audit Services

The Directors have adopted specific policies and procedures for the engagement of non-audit services and are satisfied that the provision of non-audit services during the Reporting Period by the Auditor (or by another person or firm on the Auditors' behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The aggregate fees billed by the Company's external auditors for the last financial year are as follows:

	Stantons	**K S Black & Co.**
	2015	**2014**
	$	**$**
Audit fees – Full Year	15,000	17,000
– Half Year	13,085	4,985
Other (services rendered prior to appointment)	38,338	-
Total	66,423	21,985

Auditor's Independence Declaration

The Auditors Independence Declaration is set out on page 20 of the Annual Report.

Indemnification

The Company is required to indemnify the Directors and other Officers of the Company against any liabilities incurred by the Directors and Officers that may arise from their position as Directors and Officers of the Company. No costs were incurred during the year pursuant to this indemnity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporation Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or interventions on behalf of the Company with leave from the Court under section 237 of the Corporation Act 2001. The Company has entered into a deed of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an Officer of the Company, including all liability in defending any relevant proceedings.

Dated at Sydney this 25th day of September 2015.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

Josh Puckridge
Director

CORPORATE GOVERNANCE STATEMENT

Introduction
Red Gum Resources Limited ("the Company") and the Board are committed to achieving and demonstrating appropriate standards of corporate governance, consistent with the size and nature of the Company.

The ASX Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations on 27 March 2014 to take effect for the first full financial year commencing on or after 1 July 2014. The Company's Corporate Governance Statement was approved on 5 September 2015. The Company's Corporate Governance Statement, and associated policy documents complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as appropriate, having regard to the size of the Company and the nature of its enterprise. The Corporate Governance Statement can be found on the Company's web site www.redgumresources.com.

Performance Evaluations
As announced on 28 May 2015 two of the three existing Directors retired and were replaced by two new Directors. Consequently as the new board had only been in place for a little over a month of the reporting period, it was considered premature for a board or senior executive performance review to be conducted by that new board.

Board Structure
The Company has announced on several occasions its intention to move away from resources and has been actively seeking new opportunities.

Risk Management Framework
The Company's risk management framework was reviewed during the year under review however that review related to the existing resources business and will not be applicable going forward.

Company Web Site
This Company's Corporate Governance Plan is available in the Corporate Governance section of the Company's website www.redgumresources.com together with further Corporate Governance information as appropriate.

Governance and policy reviews
The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Company.

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

25 September 2015

The Directors
Red Gum Resources Limited
79 Angas Street
Adelaide SA 5000

Dear Sirs

RE: RED GUM RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Red Gum Resources Limited.

As Audit Director for the audit of the financial statements of Red Gum Resources Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 30 June 2015

	Note	2015 $	2014 $
Revenue – interest income	5	19,327	4,296
Revenue - Net profit from sale of exploration asset	5	14,739	-
Total Revenue		34,066	4,296
Impairment of exploration expenditure	6	(510,771)	(4,584,160)
Exploration expenses	6	(81,423)	(226,409)
Office and administration expenses		(46,832)	(107,773)
Professional fees		(357,392)	(656,817)
Transaction costs	6	(1,135,387)	-
Directors fees and remuneration	6	(218,877)	(296,571)
Depreciation expense	6	(584)	(720)
Finance costs	6	(4,256)	(8,785)
Other expenses		(90,328)	(53,700)
Loss before tax		(2,411,784)	(5,930,639)
Income tax (expense)/benefit	7	(48,068)	(111,082)
Loss for the year attributable to members		(2,459,852)	(6,041,721)
Other Comprehensive income			
Items that will not be subsequently reclassified to profit or loss:		-	-
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		(10,780)	(126,361)
Total comprehensive income/(loss) for the year attributable to members of the parent		(2,470,632)	(6,168,082)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share from continuing operations		In cents	In cents
Post-consolidation		(10.38)	(125.05)
Pre-consolidation		(0.24)	(2.84)
Weighted average number of common shares outstanding:			
Basic and dilutive		Number	Number
Post-consolidation	23	23,701,407	4,831,598
Pre-consolidation	23	1,042,861,912	212,590,330

This statement should be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current Assets			
Cash and cash equivalents	11	1,216,564	2,074,889
Other receivables	12	166,327	189,585
Total Current Assets		1,382,891	2,264,474
Non-Current Assets			
Financial assets	13	-	-
Plant and equipment	14	-	584
Exploration and evaluation expenditure	15	-	560,771
Total Non-Current Assets		-	561,355
Total Assets		1,382,891	2,825,829
Current Liabilities			
Trade and other payables	16	77,708	222,378
Total Current Liabilities		77,708	222,378
Total Liabilities		77,708	222,378
Net Assets		1,305,183	2,603,451
Equity			
Issued Capital	18	11,621,646	10,449,282
Foreign Currency Translation Reserve		20,379	31,159
Share Option Reserve	18	201,743	201,743
Accumulated Losses		(10,538,585)	(8,078,733)
Total Equity		1,305,183	2,603,451

This statement should be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2015

	Note	Ordinary Shares	Foreign Currency translation Reserve	Share Option Reserve	Accumulated Losses	Total
		$	$	$	$	$
Balance 1 July 2013		7,084,364	157,520	69,387	(2,037,012)	5,274,259
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares during the year	18	3,673,596	-	-	-	3,673,596
Share issue costs during the year		(308,678)	-	132,356	-	(176,322)
Total transactions with owners, in their capacity as owners, and other transfers		3,364,918	-	132,356	-	3,497,274
Comprehensive Income						
Loss for the year		-		-	(6,041,721)	(6,041,721)
Other comprehensive income/(loss)		-	(126,361)	-	-	(126,361)
Total comprehensive income/(loss)		-	(126,361)	-	(6,041,721)	(6,168,082)
Balance 30 June 2014		10,449,282	31,159	201,743	(8,078,733)	2,603,451
Balance 1 July 2014		10,449,282	31,159	201,743	(8,078,733)	2,603,451
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares during the year	18	1,284,524	-	-	-	1,284,524
Share issue costs during the year		(112,160)	-	-	-	(112,160)
Total transactions with owners, in their capacity as owners, and other transfers		1,172,364	-	-	-	1,172,364
Comprehensive Income						
Loss for the year		-	-	-	(2,459,852)	(2,459,852)
Other comprehensive income/(loss)		-	(10,780)	-	-	(10,780)
Total comprehensive income/(loss)		-	(10,780)	-	(2,459,852)	(2,470,632)
Balance 30 June 2015		11,621,646	20,379	201,743	(10,538,585)	1,305,183

This statement should be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Payments to suppliers and directors		(1,999,330)	(1,294,229)
Payments for exploration expenditure		(73,079)	(226,409)
Net Cash (used in) operating activities	20	(2,072,409)	(1,520,638)
Cash flows from investing activities			
Interest received		19,327	4,296
Payments for capitalised exploration expenditure		-	(565,972)
Proceeds from sale of exploration assets		64,739	-
Net Cash (used in)/provided by investing activities		84,066	(561,676)
Cash flows from financing activities			
Proceeds from the issue of share capital		794,524	3,143,632
Convertible note proceeds		490,000	529,963
Payments for share issue costs		(154,506)	(287,405)
Net Cash provided by financing activities		1,130,018	3,386,190
Net increase/(decrease) in cash and cash equivalents		(858,325)	1,303,876
Cash and cash equivalents at the beginning of the financial year		2,074,889	771,013
Cash and cash equivalents at the end of the financial year	11	1,216,564	2,074,889

This statement should be read in conjunction with the Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

1. Nature of operations

Red Gum Resources Limited's and its subsidiaries' ("Group") principal activity is mineral exploration.

The focus on the potential IOCG Belt in Region IV of Chile and the central Peruvian Polymetallic Belt was because the potential for the discovery of large base metal (Cu-Pb-Zn-Ag) along with copper-gold deposits was exceptional. Its exploration portfolio is actively managed and rationalised as part of the management process, ensuring only the best projects are retained and explored. Since the year end the Company announced its intentions to refocus from the resources sector to the security sectors, refer to "Subsequent Events" for further details.

2. Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Significant accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report covers the Company, Red Gum Resources Limited ("Company") and its 100% owned subsidiaries Red Gum Resources (Peru) Pty Ltd and Central Peru Resources SAC ("Group").

Red Gum Resources Limited is a public company, incorporated and domiciled in Australia. The registered office is Suite 79 Angas Street, Adelaide SA 5000.

The Company was incorporated on 11 May 2006.

The financial statements for the year ended 30 June 2015 (including the comparatives) were approved by the Board of Directors on 25 September 2015.

Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (The Company) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

The accounting policies have been consistently applied, unless otherwise stated.

3. Critical accounting judgment and key sources of estimated uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual figures may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Refer below or elsewhere in the financial statements for a discussion of critical judgements in applying the Group's accounting policies, and key sources of estimation uncertainty.

Key sources of uncertainty

Note 4(h) also discusses exploration, evaluation and development expenditure reviews. During the current and prior year the remaining exploration assets (excluding Cerro Huancash, which was sold during the year) have been impaired to $nil (2014: $200,000). The Peruvian Chongo assets have been sold for $nil subsequent to the year end, as part of the subsidiary sale (refer to Note 15 for further details).

4. Summary of accounting policies

The significant accounting policies that have been used in the preparation of these general purpose financial statements are summarised below.

a. Presentation

The consolidated financial statement incorporated the assets and liabilities of Red Gum Resources Limited and its subsidiaries ("Group") as at 30 June 2015 and the result for the year then ended. Red Gum Resources Limited is referred to in this financial report as the Company, parent or economic entity.

b. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the sale of minerals is recognised on delivery to the customer.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

c. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in results in the period in which they are incurred.

d. Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the statement of comprehensive income when the tax relates to items that are credited or charged directly to equity.

The Company adopts the balance sheet method of tax – effect accounting. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

e. Trade receivables

Trade receivables and other receivables are carried at amounts due less any provision for specific doubtful debts.

f. Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

f. Financial instruments (continued)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

g. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Exploration, evaluation and development expenditure

Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each current identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation assets are assessed for impairment when fact and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Provision for restoration and rehabilitation

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

i. Plant and equipment

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

j. Depreciation

Items of plant and equipment are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life. The straight line method of depreciation is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. An asset carrying amount is written down immediately to its recoverable amount, if the asset carrying amount is greater than its estimated recoverable amount, gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

k. Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

l. Financial assets and liabilities

The net market values of the Company's financial assets and liabilities approximate their carrying amounts.

m. Cash

Cash and cash equivalents included cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

n. Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated in the Balance Sheet inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

p. Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income under "other income" or "other expenses".

In the Group's financial statements, assets and liabilities have been translated into Australian Dollars at the closing rate at the balance date. Income and expenses have been translated into the Group's presentation currency at the average rates over the reporting period. Any differences arising from this procedure have been charged/credited to the currency translation reserve in equity.

q. New accounting standards and interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are relevant to their operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations have not resulted in any significant change to the Group’s accounting policies.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group’s disclosures.

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2015. Information on these new standards is presented below.

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date	Impact on initial application
AASB 2014-1 *Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*	None	Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*: a clarify that the definition of a ‘related party’ includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and b amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.	1 July 2014	The adoption of these amendments has not had a material impact on the Group.

q. New accounting standards and interpretations (continued)

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date	Impact on initial application
AASB 2014-1 *Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles) (continued)*	See above	Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.		
AASB 2014-1 *Amendments to Australian Accounting Standards (Part C: Materiality)*	None	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.	1 July 2014	There has been no material impact on the entity.
AASB 2014-2 *Amendments to AASB 1053 - Transition to and between Tiers, and related Tier 2 Disclosure Requirements*	None	AASB 2014-2 makes amendments to AASB 1053 *Application of Tiers of Australian Accounting Standards* to: • clarify that AASB 1053 relates only to general purpose financial statements • make AASB 1053 consistent with the availability of the AASB 108 *Accounting Policies*, Changes in Accounting Estimates and Errors option in AASB 1 *First-time Adoption of Australian Accounting Standards* • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1 • permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and • specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	This Standard is not relevant to the entity as it is a Tier 1 entity.
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	None	AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The adoption of these amendm-ents has not had a material impact on the Group as the amendments merely clarify the existing require-ments in AASB 132.

q. New accounting standards and interpretations (continued)

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date	Impact on initial application
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	None	These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to AASB 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.	1 January 2014	The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.
AASB Interpretation 21 Levies	None	Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy). Interpretation 21 is an interpretation of AASB 137 Provisions, Contingent Liabilities and Contingent Assets. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period, and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.	1 January 2014	The adoption of this interpretation has not had any impact on the Group as it is not subject to any such levies addressed by the interpretation.

q. New accounting standards and interpretations (continued)

Accounting standards issued but not yet effective and not been adopted early by the Group

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018).

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
  - Identify the contract(s) with a customer;
  - Identify the performance obligations in the contract(s);
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations in the contract(s); and
  - Recognise revenue when (or as) the performance obligations are satisfied.

  The Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  The directors do no know if the adoption of AASB 15 will have an impact on the Group's financial statements, the impact will be addressed in the next financial year.

- *Other Standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

r. Going concern

The consolidated Group has recorded a comprehensive loss attributable to equity holders of $2,470,632 (2014: $6,168,082), however the Group has net assets of $1,305,183 (2014: $2,603,451) and cash and cash equivalents of $1,216,564 (2014: $2,074,889). The Directors believe that the going concern basis of accounting is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated Group not continue as a going concern.

5. Revenue

	2015 $	2014 $
Interest revenue –bank	19,327	4,296

Net profit from the sale of an exploration asset		
Proceeds from the sale of Cerro Huancash, Peru	64,739	-
Carrying value of Cerro Huanchs, Peru	(50,000)	-
Net profit from sale of exploration asset	14,739	-

6. Expenses

Loss on continuing operations included:	2015 $	2014 $
Depreciation	584	720
Asset impairment expenses – capitalised project costs (Note 15)	510,771	4,584,160
Exploration costs expensed (Note 15)	81,423	226,409
Transaction costs	1,135,387	-

During the year $1,135,387 (2014: $nil) of transaction costs were incurred in relation to the proposed acquisitions of Holiday Planet, Asia Escape and Motive Travel that did not proceed.

Finance costs for the reporting periods consist of interest on Convertible Loan (Note 16)	3,544	8,785
Other finance costs	712	-
Total finance costs	4,256	8,785

Interest under the loan was charged at 12% for 22 days (2014: 12% for 51 days).

Directors fees and remuneration		
Directors fees and remuneration–total (Note 8 and 24)	218,315	326,314
Other employee costs - workcover	562	1,508
Directors remuneration –reallocated to projects (Note 15)	-	(31,251)
Directors fees and remuneration –income statement	218,877	296,571

7. Income tax expense

	2015 $	2014 $
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	(48,068)	(111,082)
	(48,068)	(111,082)
b. The prima facie tax on the loss before income tax is reconciled to the income tax as follows:		
Profit/(loss) before tax	(2,411,784)	(5,930,639)
Prima facie tax payable on profit/(loss) before income tax at 30% (2014: 30%)	(723,535)	(1,779,192)

7. Income tax expense (continued)

	2015 $	2014 $
Increase/(decrease) in income tax expense due to:		
Non assessable income	(4,311)	-
Other deductions	-	(78,848)
Deductable capital raising costs	(77,067)	-
Non-allowable capital items	48,068	111,082
Non-deductible expenses	181,508	4,711
(Under)/over provision in prior year	-	1,678
Movement in recognised temporary tax losses	133,950	-
Current year tax losses	190,002	-
Tax losses carried forward and not brought into account	299,453	1,851,651
Income tax expense/(benefit)	48,068	111,082

The tax rates in Australia are 30% (2014: 30%) Chile are 22.5% (2014: 22.5%) and Peru are 30% (2014: 30%).

	2015 $	2014 $
Liabilities		
CURRENT		
Income Tax	-	-
Assets		
NON-CURRENT		
Deferred tax asset	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 4(d) occur:

—tax losses: to date $2,390,622 (2014: $2,553,776)

Deferred tax assets

There are no recognised deferred tax assets at the 30 June 2015 (2014: $nil).

8. Key management personnel

a. Names and positions held of Company's key management personnel in office at any time during the financial year are:

Key management person positions

Mr Josh Russell Puckridge	Director – Non Executive (appointed 27 May 2015)
Mr Thomas Jon Pickett	Director – Non Executive (appointed 27 May 2015)
Mr Edwin Edward Bulseco	Director – Non Executive (appointed 5 March 2014)
Dr Raymond Douglas Shaw	Chairman (appointed 11 May 2006, resigned 28 May 2015)
Ms Jennifer Frances Tobin	Director – Non Executive (appointed 14 June 2013, resigned 28 May 2015)
Mr Malcolm Lucas Smith	Company Secretary (appointed 1 February 2015)

9. Auditors remuneration

	2015 $	2014 $
Remuneration for the audit of the annual financial report	15,000	17,000
Remuneration for the review of the half year financial report	13,085	4,985
Other	38,338	-
Total auditors remuneration	66,423	21,985

Other services were rendered prior to Stantons International Audit and Consultants Pty Ltd being appointed as auditors.

10. Subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	% of ownership interest and voting power held by the Group 2015	2014
Red Gum Resources (Chile) Pty Ltd	Exploration	Australia	100%	100%
Red Gum Resources (Peru) Pty Ltd	Exploration	Australia	100%	100%
Red Gum Chile SpA	Exploration	Chile	100%	100%
Central Peru Resources SAC	Exploration	Peru	99.99%	99.99%

In July 2011, Red Gum Resources Limited set up a 100% subsidiary, Red Gum Resources (Chile) Pty Ltd to hold 100% of Red Gum Resources Chile SpA. Red Gum Resources Chile SpA had no assets or liabilities at the date of purchase.

In October 2009 Red Gum Resources Limited set up a 100% subsidiary, Red Gum Resources (Peru) Pty Ltd to purchase 99.9% of Central Peru Resources SAC ("CPR"), a Peruvian company. CPR had no assets or liabilities at date of acquisition other than the four licences in the central Peruvian Polymetallic Belt with a book value of $70,000:

- Cerro Huancash
- Chongos A
- Chongos B
- Chongos C

Red Gum Resources Limited issued 700,000 ordinary shares in full consideration for CPR's equity, with a deemed value of $70,000 being $0.10 per share (refer to Note 20 for further details). The remaining 0.01% is held by Torey Marshall in order to comply with the local legal requirements, over which the Company has power of attorney.

In June 2015, Cerro Huancash was sold for $64,739 (USD $50,000) resulting in a gain of $14,739 based on the asset impaired value of $50,000. In addition, CPR including its remaining assets and liabilities are to be transferred to a Peruvian company for $nil, the transfer of shares is dated 11 August 2015 and the transfer is currently being processed by the relevant Peruvian authorities.

During the year, three wholly owned Australian subsidiaries were established as part of the proposed acquisition of Holiday Planet, Asia Escape and Motive Travel ("the Transaction"):

- ATGL MT Pty Ltd (ACN 602 822 202)
- ATGL HP Pty Ltd (ACN 602 822 257)
- ATGL AE Pty Ltd (ACN 602 822 293)

In May 2015, the Company deregistered the above three subsidiaries following the decision not to proceed with the Transaction.

11. Cash and cash equivalents

	2015 $	2014 $
Cash at bank	1,216,564	2,074,889

For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position shown above.

12. Other receivables

	2015	2014
Current	**$**	**$**
Goods and service tax receivable	20,716	42,671
Other receivables	145,611	146,914
	166,327	189,585

Other receivables arise from transactions outside the usual operating activities of the Company and are unsecured, interest free and repayable on demand. The majority of the Other Receivables relate to a $125,000 new venture transaction ("Transaction") fee paid to DJ Carmichael Pty Ltd ("DJC") under the Mandate Letter dated 27 February 2014. The Transaction fee was refunded in full since the year end as the transaction did not succeed.

There are no balances that are past due and impaired. It is expected these balances will be received when demanded.

13. Financial Assets

	Parent	
	2015	**2014**
	$	**$**
Consolidated Group		
Non-current financial assets		
Shares in controlled entity	-	-
Parent		
Non-current financial assets		
Shares in controlled entity	-	70,000

During the year ended 30 June 2015, Central Peru Resources SAC sold the exploration asset, Cerro Huancash; and the subsidiary, Central Peru Resources SAC is to be sold to a Peruvian Company for $nil. As a result, the asset has been impaired to $nil.

During the year ended 30 June 2010 shares in a controlled entity, Central Peru Resources SAC were acquired by Red Gum Resources (Peru) Pty Ltd for a consideration of 700,000 shares with a deemed value of $70,000 (refer to note 10 for further details).

14. Plant and equipment

	Plant & Equipment	
	2015	**2014**
	$	**$**
At cost	14,601	14,601
Accumulated depreciation	(14,601)	(14,017)
Total plant & equipment	-	584
Movement in carrying amounts		
Gross carrying amount at the beginning of the year	584	1,304
Depreciation expense	(584)	(720)
Gross carrying amount at the end of the year	-	584

The following useful lives are used in the calculation of depreciation:
- Plant & equipment 3 to 40 years

15. Exploration and evaluation expenditure

	2015 $	2014 $
Gross carrying amount at the beginning of the year	560,771	4,682,070
Amounts capitalised during the year	-	411,894
Sale of exploration asset	(50,000)	-
Foreign exchange on translation	-	50,967
Amounts written off during the year	(510,771)	(4,584,160)
Gross carrying amount at the end of the year	-	560,771

During the year ended 30 June 2015 $81,423 (2014: $226,409) of Project Costs, including foreign exchange losses were expensed in the Statement of Profit or Loss and Other Comprehensive Income. In addition, $510,771 (2014: $4,584,160) of capitalised project costs were written off as impaired during the year.

During the year ended 30 June 2015, Central Peru Resources SAC sold the exploration asset, Cerro Huancash for $64,739 (USD $50,000).

The following mineral projects are currently held by the Company:

Project description	Project code	Location	Area (approx)	Interest held
Chongos A(1)	n/a	Peru	10 km^2	100%
Chongos B(1)	n/a	Peru	9 km^2	100%
Chongos C(1)	n/a	Peru	9 km^2	100%
La Negra (2)	n/a	Chile	20 km^2	100%
Majada(3)	n/a	Chile	5.8 km^2	(3)

Capitalised Expenditure:	2015 $	2014 $
Cerro Huancash(1)	-	360,771
Chongos A(1)	-	-
Chongos B(1)	-	-
Chongos C(1)	-	-
La Negra(2)	-	200,000
Majada(3)	-	-
	-	560,771

1. The Company through its wholly owned subsidiary, Red Gum Resources (Peru) Pty Ltd holds all 99.99% of the shares in the Central Peru Resources ("CPR") (refer to Note 10 for further details), which in turn holds 100% of the four Peruvian Projects. The $70,000 AUD acquisition cost had been capitalised as tenement cost. During the year Cerro Huancash was sold for $64,739 (AUD $50,000) and since the year end CPR has been sold for $nil. During the current year, the Cerro Huancash asset was impaired by $310,771 to $50,000.
2. During the prior year ended 30 June 2012 the Company exercised the Option Deed dated 10 November 2009, with Inversiones y Mineria Andale Ltda (Andale) for a total consideration of USD $1,020,000 and the issue of 1,000,000 shares in the Company (refer to Note 20 for further details), whereby the Company has been granted an option to acquire 100% of the interest in La Negra. In accordance with Chilean law, in September 2011 the Company established a wholly owned Chilean subsidiary called Red Gum Resources Chile SpA (Red Gum Chile). Under the La Negra Option Red Gum Chile acquired the La Negra project which is made up of the exploration mining concessions named "Karina 1", "Karina 2", "Karina 3", "Karina 4", "Karina 5", "Karina 6", "Karina 7", "Karina 8" and "Karina 9", and the exploitation mining concessions named "Karina1/20" and "Karina 21/40". The La Negra Option is registered in the Mortgages and Encumbrances Registry of the Custodian of Mines of Combarbalá. During the current year, the La Negra asset was impaired by $200,000 to $nil.
3. 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 (AUD $1.44 million at the then exchange rate) to the owners over a 3 year period from the date of signature it could earn a 100% interest. In withdrawing the Company no longer has any financial obligations nor the right to earn any interests. During the Reporting Period the Company sought to renegotiate terms with the concession holders. These negotiations have been put on hold, given the shift of focus of the Company's activities.

16. Current liabilities –trade and other payables

	2015 $	2014 $
Trade payables	40,069	41,387
Accruals	37,639	164,163
Employee benefits - annual leave provision	-	16,828
	77,708	222,378

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

Employee benefits

The provision for employee benefits represents annual leave entitlements accrued and compensation claims made by employees. At the 30 June 2015 the annual leave provision amounted to $nil (2014: $16,828).

Convertible loan

As announced to the ASX on 23 February 2014 and 2 April 2015, Red Gum entered into a number of Convertible Loan Agreements ("Agreements") with clients of Paterson Securities Ltd, to borrow an aggregate of $490,000 ("Loans").

On 21 May 2015, the Loans were converted into 14,000,007 Ordinary Shares following shareholder approval at an Extraordinary General Meeting ("EGM") held on 21 May 2015. The Loans were converted into fully paid ordinary shares in Red Gum at the conversion price of $0.0035 per share.

Interest under this convertible loans was charged at 12% for 22 days, $3,544 being paid in May 2015.

Prior Year (pre-consolidation)

As announced to the ASX on 23 February 2014 and 3 March 2014, Red Gum entered into a number of Convertible Loan Agreements ("Agreements") with clients of DJ Carmichael, to borrow an aggregate of $530,000 ("Loans").

On 29 April 2014, the Loans were converted into 176,654,220 Ordinary Shares, 44,163,555 RGXOA Options following shareholder approval at an Extraordinary General Meeting ("EGM") held on 28 April 2014. The Loans were converted into fully paid ordinary shares in Red Gum at the conversion price of $0.003 per share. Red Gum also issued free attaching options exercisable at $0.01 per share on or before 15 November 2017.

Interest under these convertible loans was charged at 12% for 51 days, $8,785 being paid in April 2014.

17. Provisions

The Company has no provisions at 30 June 2015 (2014: $nil). No employees are eligible for long-term employee benefits at 30 June 2015 (2014: $nil).

18. Issued capital

a. Shares Issued and Outstanding

	2015 $	2014 $
55,610,212 (2014: 832,000,000 pre-consolidation) ordinary shares	11,621,646	10,449,282
Ordinary shares		
At the beginning of reporting period	10,449,282	7,084,364
Shares issued during the year		
- Shares issued 8 April 2015(1)	98,000	-
- Shares issued 11 May 2015(2)	696,524	-
- Shares issued 21 May 2015(3)	490,000	-

18. Issued capital (continued)

	2015 $	2014 $
Shares issued during the prior year		
- Shares issued 19 November 2013(4)	-	300,000
- Shares issued 3 February 2014(5)	-	5,611
- Shares issued 14 April 2014(6)	-	465,618
- Shares issued 17 April 2014(7)	-	116,404
- Shares issued 28 April 2014(8)	-	529,963
- Shares issued 23 May 2014(9)	-	1,200,000
- Shares issued 10 June 2014(10)	-	1,056,000
Total shares issued during the year	1,284,524	3,673,596
Less: Share issue costs, net of tax	(112,160)	(308,678)
At the end of reporting year	11,621,646	10,449,282

	2015 No.	2014 No.
Ordinary shares		
At the beginning of reporting period	832,000,000	112,468,097
Consolidation on basis 1:44 shares	(813,090,494)	-
Shares issued during the year		
- Shares issued 8 April 2015(1)	2,800,000	-
- Shares issued 11 May 2015(2)	19,900,699	-
- Shares issued 21 May 2015(3)	14,000,007	-
Shares issued during the prior year		
- Shares issued 19 November 2013(4)	-	15,000,000
- Shares issued 3 February 2014(5)	-	1,870,215
- Shares issued 14 April 2014(6)	-	155,205,975
- Shares issued 17 April 2014(7)	-	38,801,493
- Shares issued 28 April 2014(8)	-	176,654,220
- Shares issued 23 May 2014(9)	-	200,000,000
- Shares issued 10 June 2014(10)		132,000,000
Total shares issued during the year	36,700,706	719,531,903
At the end of reporting year	55,610,212	832,000,000

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

On 18 December 2014 the shareholders approved the consolidation of securities on the basis of 1 share for every 44 shares held. The consolidation was competed on 29 December 2014.

Share issue notes:-

(1) On 8 April 2015, 2,800,000 ordinary shares were issued at $0.035 per share.

(2) On 11 May 2015, 19,900,699 ordinary shares were issued at $0.035 per share as part of a Non-Renounceable Rights Issue.

(3) On 21 May 2015, 14,000,007 ordinary shares were issued at $0.035 per share upon conversion of $490,000 convertible loan.

Prior year (pre-consolidation)

(4) On 19 November 2013, 15,000,000 ordinary shares were issued at $0.02 per share.

(5) On 3 February 2014, 1,870,215 ordinary shares were issued at $0.003 per share.

(6) On 14 April 2014, 155,205,975, ordinary shares were issued at $0.003 per share under an Entitlement Offer.

(7) On 17 April 2014, 38,801,493 ordinary shortfall shares were issued at $0.003 per share under an Entitlement Offer.

18. Issued capital (continued)

(8) On 28 April 2014, 176,654,220 ordinary shares were issued at $0.003 per share on the conversion of a Convertible Loan for $529,963.
(9) On 23 May 2014, 200,000,000 ordinary shares were issued at $0.006 per share.
(10) On 10 June 2014, 132,000,000 ordinary shares were issued at $0.008 per share.

b. Share Option Reserve

Equity based remuneration	2015 $	2014 $
At the beginning of the year	201,743	69,387
Broker and Underwriter Options issued	-	132,356
At the end of the year	201,743	201,743

The share option reserve records items recognised on the valuation of share options over the vesting period.

During the prior year the following Options (pre-consolidation basis) were issued as part of broker and underwriter agreements, as part of the Company's share issue costs; the majority of the Options were Quoted Options and therefore valued at market value:

- On 2 August 2013 5,000 free Unquoted Options with a Black-Scholes option value of $7,000; and 36,266,365 free Options were issued at a market value of $36,266;
- On 5 August 2013 6,222,998 free Options were issued at a market value of $6,223;
- On 28 April 2014 40,000,000 free Options were issued at a market value of $40,000;
- On 23 May 2014 16,867,018 free Options were issued at a market value of $16,867; and
- On 10 June 2014 26,000,000 free Options were issued at a market value of $26,000.

Shares Options

The following table summarises information about the share options outstanding:

	Post-consolidation		Pre-consolidation	
Expiry Date	Number of Options 2015	Exercise Price 2015	Number of Options 2014	Exercise Price 2014
1 March 2016(1,2,3,4)	1,391,730	$4.40	61,234,053	$0.10
30 April 2016(1,3)	113,637	$6.60	5,000,000	$0.15
15 November 2017(1,6,7,8,9,10,11,13)	4,000,047	$0.44	176,000,000	$0.01
Balance at 30 June	5,505,414	$1.57	242,234,053	$0.04

The Company has the following history of share options outstanding:

	Number of Quoted Options	Number of Unquoted Options	Weighted Average Exercise Price
At 1 July 2013	18,744,690	22,744,690	$0.12
- Issued 2 August 2013(2)	36,266,365	5,000,000	$0.11
- Issued 5 August 2013(3)	6,222,998	-	$0.10
- Cancelled on 6 August 2013(4)	-	(3,000,000)	$0.40
- Expired 15 November 2013(5)	-	(18,744,690)	($0.07)
- Issued 14 April 2014(6)	38,801,500	-	$0.01
- Issued 17 April 2014(7)	9,700,373	-	$0.01
- Issued 28 April 2014(8)	40,000,000	-	$0.01
- Issued 28 April 2014(9)	44,163,555	-	$0.01
- Issued 28 April 2014(10)	467,554	-	$0.01
- Issued 23 May 2014(11)	16,867,018	-	$0.01
- Expired 9 June 2014(12)	-	(1,000,000)	($0.25)
- Issued 10 June 2014(13)	26,000,000	-	$0.01
At 30 June 2014	237,234,053	5,000,000	$0.04

18. Issued capital (continued)

	Number of Quoted Options	Number of Unquoted Options	Weighted Average Exercise Price
At 1 July 2014	237,234,053	5,000,000	$0.04
- Consolidation on basis 1:44[(1)]	(231,842,276)	(4,886,363)	$1.53
At 30 June 2015	5,391,777	113,637	$1.57

Notes:

Current reporting period

(1) On 18 December 2014 the shareholders approved the consolidation of securities on the basis of 1 share for every 44 shares held. The consolidation was competed on 29 December 2014.

Prior reporting period (pre-consolidation)

(2) On 2 August 2013, 36,266,365 free quoted options (exercise price $0.10 expiring 1 March 2016) were issued to broker, underwriter and sub-underwriters pursuant to the fully underwritten renounceable rights issue.

(3) On 5 August 2013, 6,222,998 free quoted options (exercise price $0.10 expiring 1 March 2016) and 5,000,000 free unquoted options (issue price $0.15 expiring 30 April 2016) were issued to sub-underwriters pursuant to the fully underwritten renounceable rights issue.

(4) On 6 August 2013, 3,000,000 quoted options were cancelled following the resignation of Managing Director Dr Pearson.

(5) On 15 November 2013 18,744,690 quoted options expired unexercised.

(6) On 14 April 2014, 38,801,500 quoted options were issued under an Entitlement Offer, exercise price $0.01 expiring 15 November 2017.

(7) On 17 April 2014, 9,700,373 quoted options were issued under the Entitlement Offer shortfall, exercise price $0.01 expiring 15 November 2017.

(8) On 28 April 2014, 40,000,000,000 free quoted options were issued to the underwriter, exercise price $0.01 expiring 15 November 2017.

(9) On 28 April 2014, 44,163,555 quoted options were issued on the conversion of a Convertible Loan, exercise price $0.01 expiring 15 November 2017.

(10) On 28 April 2014 467,554 attaching quoted options were issued, exercise price $0.01 expiring 15 November 2017.

(11) On 23 May 2014, 16,867,018 free quoted options were issued to the brokers, exercise price $0.01 expiring 15 November 2017.

(12) On 9 June 2014, 1,000,000 quoted options expired unexercised.

(13) On 10 June 2014, 26,000,000 free quoted options were issued to the brokers, exercise price $0.01 expiring 15 November 2017.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

The management's objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

The management monitors capital on the basis of debt to equity ratio. This ratio is calculated as net liabilities divided by equity. Net liabilities is "Total liabilities" as shown on the consolidated statement of financial position less cash and cash equivalents and equity is "equity" as shown on the consolidated statement of financial position.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. The liability-equity ratios as at 30 June 2015 and 30 June 2014 are as follows:

18. Issued capital (continued)

	2015 $	2014 $
Total liabilities	77,708	222,378
Less: Cash and cash equivalents	(1,216,564)	(2,074,889)
Net (assets)/ liabilities	(1,138,856)	(1,852,511)
Total equity	1,305,183	2,603,451
Net assets to equity ratio	(87)%	(71)%

The increase in assets to equity ratio during 2015 is primarily due to $794,525 cash share issue and $490,000 convertible notes offset by operating loss and exploration expenditure during the year.

19. Segmental information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical location. The Group's reportable segments under AASB 8 are therefore as follows:

- Australia
- Peru
- Chile

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Australia $	Peru $	Chile $	Total $
30 June 2015				
REVENUE				
Revenue -external interest received	19,327	-	-	19,327
Revenue-profit on sale of exploration asset	-	14,739	-	14,739
Total Revenue	19,327	14,739	-	34,066
RESULT				
Segment result	(2,184,435)	(169,876)	(53,217)	(2,407,528)
Finance costs	(4,256)	-	-	(4,256)
Loss before income tax	(2,188,691)	(169,876)	(53,217)	(2,411,784)
Income tax expense	(48,068)	-	-	(48,068)
Loss after income tax	(2,236,759)	(169,876)	(53,217)	(2,459,852)
ASSETS				
Segment assets	1,381,759	-	1,132	1,382,891
LIABILITIES				
Segment liabilities	75,169	-	2,539	77,708
OTHER				
Depreciation and amortisation of segment assets	584	-	-	584

19. Segmental information (continued)

	Australia $	Peru $	Chile $	Total $
30 June 2014				
REVENUE				
Total revenue -external interest received	4,296	-	-	4,296
RESULT				
Segment result	(1,111,285)	(604,575)	(4,205,994)	(5,921,854)
Finance costs	(8,785)	-	-	(8,785)
Loss before income tax	(1,120,070)	(604,575)	(4,205,994)	(5,930,639)
Income tax expense	(111,082)	-	-	(111,082)
Loss after income tax	(1,231,152)	(604,575)	(4,205,994)	(6,041,721)
ASSETS				
Segment assets	2,262,918	360,901	202,010	2,825,829
LIABILITIES				
Segment liabilities	220,958	1,186	234	222,378
OTHER				
Depreciation and amortisation of segment assets	720	-	-	720

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, exploration and evaluation expenditure and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Company at an arm's length. These transfers are eliminated on consolidation. At 30 June 2015 and 30 June 2014 there were no such intersegment transfers.

20. Cash flow information

	2015 $	2014 $
Reconciliation of loss for the year to net cash flows from operating activities		
Loss	(2,459,852)	(6,041,721)
Non-cash flows in profit/(loss) from ordinary activities		
- Depreciation	584	720
- Impairment of current assets – capitalised project costs	510,771	4,584,160
- Interest received and receivable	(19,327)	(4,296)
- Tax on share issue costs	48,068	111,082
Changes in assets and liabilities		
-(Increase)/decrease in other receivables	23,257	166,174
-Increase/(decrease) in trade creditors and accruals	(175,910)	(110,348)
Net cash (used in) operating activities	(2,072,409)	(1,294,229)

21. Exploration expenditure commitments

	2015	2014
	$	$
No longer than 1 year	25,000	57,000
Longer than 1 year and not longer than 5 years	100,000	228,000
Longer than 5 years	-	57,000
	125,000	342,000

The exploration expenditure commitments relate to the Group's share of exploration and evaluation expenditure required to comply with the licence terms issued by the relevant regulatory body and in accordance with the agreements listed below.

These obligations may be subject to re-negotiation, may be farmed out or may be terminated as a result of relinquishment. They have not been provided for in the financial statements.

La Negra (Chile)

The Group must maintain the La Negra project in good administrative standing; at the 30 June 2015 these costs are estimated at $25,000 (2014: $48,000) per annum.

Central Peru Polymetallic Belt (Peru)

In addition to the Management Agreement termination commitments set out above, the Group must maintain the Peruvian projects in good administrative standing; at the 30 June 2015 these costs are estimated at $nil (2014: $9,000) per annum as the Company was sold in August 2015.

22. Other financial liabilities and commitments

The Company has engaged Allinson Accounting Solutions Pty Ltd to provide annual accounting and administrative services at a fee of $36,000 per annum (2014: $36,000).

There are no other financial liabilities, leasing commitments, capital commitments, or provision at the 30 June 2015 (2014: $nil).

23. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of Red Gum Resources Limited as the numerator.

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

	2015 No.	2014 No.
Post-consolidation		
Post -consolidation Weighted average number of ordinary shares for basic earnings per share	**23,701,407**	4,831,598
Effect of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**23,701,407**	4,831,598
Pre-consolidation		
On the 2 July 2013 the shares were consolidated on a 1 for 44 basis, the consolidated weighted average number of share is as follows		
Pre -consolidation weighted average number of ordinary shares for basic earnings per share	**1,042,861,912**	212,590,330
Effect of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,042,861,912**	212,590,330

23. Earnings per share (continued)

There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

24. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and balances with related parties:

	2015 $	2014 $
Directors fees		
Directors fees payable to Josh Puckridge (appointed 27 May 2015)(1)	3,000	-
Directors fees payable to Thomas Pickett (appointed 27 May 2015)(2)	3,000	-
Directors fees payable to Edwin Bulseco (appointed 5 March 2014)	36,000	12,000
Directors remuneration paid to Dr Raymond Shaw(3) (resigned 28 May 2015)	143,315	260,314
Directors fees paid to Jennifer Tobin (resigned 28 May 2015)	33,000	36,000
Directors fees paid to Torey Marshall (resigned 6 January 2014)	-	18,000
Directors fees and remuneration (Note 8)	218,315	326,314
Accrued annual leave paid to Dr Raymond Shaw(3) (resigned 28 May 2015)	16,828	-
Balances owed to related parties		
Balance payable to Edwin Bulseco	3,000	
Balance payable to Josh R Puckridge(1)	3,000	-
Balance payable to Tom Pickett(2)	3,000	-
Balance and annual leave payable to Dr Raymond Shaw(3)	-	66,540
Balance payable to related parties	9,000	66,540

(1) Mr Puckridge's director's fees are paid to Josh R Puckridge.
(2) Mr Pickett's director's fees are paid to a company in which Director, Mr Pickett is a director and shareholder.
(3) Since 1 April 2014 Dr Raymond Shaw's director's fees were paid to a company in which Director, Dr Shaw is a director and shareholder. During the year, accrued annual leave of $16,828 was paid to Dr Shaw.

Other transactions

The directors were reimbursed for expenses incurred.

25. Financial risk management

a. Financial Risk Management Policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 26.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Group's financial instruments consist mainly of deposits with banks, notes receivable, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

The Group's exposure to interest rate risk relates principally to its short-term deposits placed with financial institutions. For further details on interest rate risk refer to Note 25(b)(i) & (iii).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectability of all trade and other receivables.

There are no other material amounts of collateral held as security as at 30 June 2015.

Credit risk is managed on a Group basis and reviewed regularly by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk on a regular basis.

Price risk

The Group's financial instrument is not exposed to price risk.

b. Financial Instruments

i. **Financial instrument composition and maturity analysis:**

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

25. Financial risk management (continued)

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2015 %	2014 %	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Financial Assets:								
Cash and cash equivalents	2.0%	2.5%	1,162,173	1,316,534	54,391	758,355	1,216,564	2,074,889
Receivables	-	-	-	-	166,327	189,585	166,327	189,585
Total Financial Assets			1,162,173	1,316,534	220,718	947,940	1,382,891	2,264,474
Financial Liabilities:								
Trade and other payables	-	-	-	-	77,708	222,378	77,708	222,378
Total Financial Liabilities			-	-	77,708	222,378	77,708	222,378
Net Financial Assets							1,305,183	2,042,096

ii. **Net Fair Values**

The carrying value of financial assets and financial liabilities of the Company are assumed to approximate their fair value due to their short term nature.

iii. **Sensitivity Analysis**

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its financial instrument's exposure to interest rate risk and foreign currency risk at balance date. The Group's financial instruments are not subject to price risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Carrying Amount $	Increase in interest rate by 2% $	Decrease in interest rate by 2% $
30 June 2015			
Financial asset	1,162,173	23,243	(23,243)
Tax charge 30%	-	(6,973)	6,973
30 June 2014			
Financial asset	1,316,534	26,331	(26,331)
Tax charge 30%	-	(7,899)	7,899

25. Financial risk management (continued)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2015 and 30 June 2014, the Company is exposed to foreign currency fluctuations to the extent that expenditures incurred are not denominated in Australia Dollars (AUD) but in Peruvian Nuevo Sols, Chilean pesos or United States of America Dollars (USD). The Company has not entered into any foreign currency contract to manage foreign currency risk.

At 30 June 2015 the foreign currency risk is not considered material.

26. Financial Assets and Liabilities

Categories of financial assets and liabilities

Note 4f provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Note	2015	2014
Assets		**$**	**$**
Current Assets			
Cash and cash equivalents	11	1,216,564	2,074,889
Other receivables	12	20,716	42,671
Total Current Assets		1,237,280	2,117,560
Current Liabilities			
Trade and other payables	16	77,708	222,378
Total Current Liabilities		77,708	222,378

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 25.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 25a.

27. Events After Reporting Period

On 3 August 2015, the Company announced to the market the proposed acquisition ("Transaction") of profitable and growing security guard businesses. The Company has entered into a binding agreement to acquire 100% of MCS Security Pty Ltd ("MCS") and John Boardman Pty Ltd (trading as Intiga Security) ("Intiga"). The major terms of the agreement are:

- acquire MSC by issuing 30,000,000 shares and $3,780,000 in cash;
- acquire Intiga by issuing 18,000,000 shares and subsequent to achieving NPAT of $1,920,000 by 30 June 2016, a further 6,000,000 shares;
- Transaction consulting fees to be paid by the issue of 8,000,000 shares;
- Company to conduct a $4,500,000 capital raising under a full form prospectus; and
- Company is to seek shareholder approval to implement an Executive incentive Scheme.

There have been no other matters or circumstances subsequent to the end of the Reporting Period that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

28. Parent Entity Disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 4 for a summary of the significant accounting policies relating to the Group.

Financial Position	2015 $	2014 $
Assets		
Current Assets	1,380,784	2,137,334
Non-Current Assets	-	304,649
Intercompany debtors	-	3,362,530
Total Assets	1,380,784	5,804,513
Liabilities		
Current Liabilities	75,166	220,958
Total Liabilities	75,166	220,958
Net Assets	1,305,618	5,583,555
Equity		
Issued Capital	11,621,646	10,449,282
Share Option Reserve	201,743	201,743
Accumulated Losses	(10,517,771)	(5,067,470)
Total Equity	1,305,618	5,583,555

Financial Performance		
Loss for the year	(5,450,301)	(3,171,467)
Other comprehensive income	-	-
Total comprehensive loss	(5,450,301)	(3,171,467)

29. Company details

The registered office and principal place of business of the Group is:

Red Gum Resources Limited
79 Angas Street
Adelaide SA 5000

Chile:

Level 13, Office 02
6401 Avenida Apoquindo, Las Condes
Santiago, Chile

Peru:

Calle Chacarilla
Nro. 478, Oficina A. Urb.
Santa Cruz.
San Isidro.
Lima 27, Peru.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 21 to 50 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards and the Corporations Regulations 2001; and

   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Josh Puckridge
Perth

25th September 2015

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED GUM RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Red Gum Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Red Gum Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 13 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion

In our opinion the remuneration report of Red Gum Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
25 September 2015

ASX SHAREHOLDER INFORMATION
Additional information as at 22 September 2015

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:

(1) EQUITY SECURITIES - AS AT 22 SEPTEMBER 2015

(a) Distribution of Equity Securities

Currently there are 56,610,212 shares held by 744 shareholders.

Range	Holders
1 - 1,000	200
1,001 - 5,000	172
5,001 - 10,000	81
10,001 – 100,000	221
100,001 - over	70
Total	744

(b) The number of holders of less than a marketable parcel

Less than marketable parcel of shares	448

(c) Twenty largest holders of ordinary shares

TOP 20 SHAREHOLDERS - AS AT 22 SEPTEMBER 2015

	Number Of Shares	Held %
Nero Resource Fund Pty Ltd <Nero Resource Fund A/C>	3,927,077	7.06
Willowdale Holdings Pty Ltd	3,014,286	5.42
Nightfall Pty Ltd <Nightfall Super Fund A/C>	2,400,000	4.32
Upsky Equity Pty Ltd <Upsky Investment A/C>	2,394,235	4.31
Blu Bone Pty Ltd	2,222,803	4.00
Hammerhead Holdings Pty Ltd <HHH S/F A/C>	2,222,803	4.00
Ms Kelly Sarich	2,021,514	3.64
Station Nominees Pty Ltd <Station Super Fund A/C>	2,000,000	3.60
The Twentieth Century Motor Company Pty Ltd <Twentieth Century MC SF A/C>	2,000,000	3.60
Mr Antonius Joseph Smit	1,775,000	3.19
Mr John Henry Toll <Toll Family Discret A/C>	1,360,605	2.45
Mr Salvatore Di Vincenzo	1,226,579	2.21
Mr Matthew Joel Norton & Mrs Roselyn Fay Norton <Norton Family Super A/C>	1,200,000	2.16
South Banc Group Pty Ltd <David Hales Family A/C>	1,089,802	1.96
Sancoast Pty Ltd	1,000,000	1.80
Mr Simon Barr Goyder & Mrs Kristine Joy Goyder <Prinsep Park Super Fund A/C>	871,223	1.57
Mr Stephen Tomsic	866,218	1.56
Vennon Pty Ltd <Tomsic Family A/C>	834,410	1.50
Mr George Antony Neri & Mr Declan Edward Kelly	800,000	1.44
Mr Stephen Noel Blackhall & Miss Jessica Ann Blackhall <SJC Superannuation Fund A/C>	789,234	1.42
Top 20 Total	34,015,789	61.17
Total Remaining Holders Balance	21,594,423	38.83
Total Ordinary Shares on Issue	55,610,212	100.00

ASX SHAREHOLDER INFORMATION
Additional information as at 22 September 2015

(2) QUOTED OPTIONS ISSUED - AS AT 22 SEPTEMBER 2015

(a) Distribution of Equity Securities

Exercisable $0.10 expiring 1 March 2016 – ASX Code: RGXO

Currently there are 1,391,730 quoted options held by 109 holders.

Range	Holders
1 - 1,000	60
1,001 - 5,000	22
5,001 - 10,000	5
10,001 – 100,000	15
100,001 - over	7
Total	109

(b) The number of holders of less than a marketable parcel

Less than marketable parcel of option	109

(c) Twenty largest holders of RGXO Quoted Options

TOP 20 OPTIONHOLDERS - AS AT 22 SEPTEMBER 2015

	Number Of Options	Held %
Community Training Initiatives Pty Ltd	161,080	11.57
Warman Investments Pty Ltd	161,080	11.57
Goffacan Pty Ltd	128,864	9.26
EST Mr Barry Arthur Waugh	119,319	8.57
IBT Holdings Pty Ltd <IBT Holdings P/L Fam A/C>	115,868	8.33
DJ Carmichael Pty Ltd	113,637	8.17
Makwadi Ventures Pty Ltd	107,291	7.71
Ms Linvana Thomson	68,182	4.90
Mr Trevor Ross Kerle	56,819	4.08
Incus Investments Pty Ltd	45,455	3.27
Mr Ivan Brown	38,669	2.78
Graywood Towers Pty Ltd	26,516	1.91
Mr Matthew Banks	22,728	1.63
Evron Pty Ltd <Endrey-Walder Super Fund A/C>	22,728	1.63
Mr Simon Sein Kwang Niak	22,728	1.63
Slush Puppie Sydney Pty Ltd	18,704	1.34
Mr Troy Brett Hepple	16,733	1.20
Mr Paul Stephen Harapin	15,637	1.12
Mr Paul Crennan	11,364	0.82
Me Ho Kaku	11,364	0.82
Top 20 Total	1,284,766	92.31
Total Remaining Holders Balance	106,964	7.69
Total Quoted Options on Issue - RGXO	1,391,730	100.00

ASX SHAREHOLDER INFORMATION
Additional information as at 22 September 2015

(3) QUOTED OPTIONS ISSUED - AS AT 22 SEPTEMBER 2015

(a) Distribution of Equity Securities

Exercisable $0.01 expiring 15 November 2017 – ASX Code: RGXOA

Currently there are 4,000,047 quoted options held by 95 holders.

Range	Holders
1 - 1,000	26
1,001 - 5,000	15
5,001 - 10,000	6
10,001 – 100,000	32
100,001 - over	16
Total	95

(b) The number of holders of less than a marketable parcel

Less than marketable parcel of option	94

(c) Twenty largest holders of RGXOA Quoted Options

TOP 20 OPTION HOLDERS - AS AT 22 September 2015

	Number Of Options	Held %
Dead Knick Pty Ltd	737,605	18.44
Mr Salvatore Di Vincenzo	227,273	5.68
Mr Peter Robert Eastwood & Mrs Ingrid Helen Eastwood <Eastwood Superfund A/C>	216,926	5.42
Ms Kim Michelle Oates	215,910	5.40
DJ Carmichael Pty Ltd <House Account>	177,273	4.43
Mr Peter Braica	159,091	3.98
Mr Brian Patrick O'Rielly	155,682	3.89
Tell Corporation Pty Ltd	147,728	3.69
Mr Darren Ricketts	125,023	3.13
DJ Carmichael Pty Ltd	125,000	3.12
Ms Siew Lay Kwan	120,415	3.01
Seefeld Investments Pty Ltd <The Seefeld A/C>	114,394	2.86
Mr Michael Sean Hobbs & Ms Ann Kelly <Hobbs S/F A/C>	113,637	2.84
Mr Paul Henri Veron & Mrs Julie Anne Veron <Dead Knick Super Fund A/C>	113,637	2.84
Willowdale Holdings Pty Ltd	113,637	2.84
Merrill Lynch (Australia) Nominees Pty Limited	102,273	2.56
Mr Correy Van Den Broek	81,026	2.03
Mr Ho Kaku	68,182	1.70
Emmess Pty Ltd <Emmess super Fund A/C>	65,160	1.63
Xcelerate Trading Pty Ltd <Xcelerate Trading A/C>	54,546	1.36
Top 20 Total	3,234,418	80.86
Total Remaining Holders Balance	765,629	19.14
Total Quoted Options on Issue - RGXOA	4,000,047	100.00

ASX SHAREHOLDER INFORMATION
Additional information as at 22 September 2015

(5) OTHER DISCLOSURES

(a) Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of shares
Willowdale Holdings Pty Ltd	3,014,286
Nero Resource Fund Pty Ltd <Nero Resource Fund A/C>	3,927,077

(b) Voting Rights

Ordinary Shares:	On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
Options:	No voting rights

(c) Escrowed Securities

There are no securities held under Escrow at the date of this report.

(d) On-Market Buy Backs

There is no current on–market buy back at the date of this report.

(e) Securities Exchange

The Company is listed on the Australian Securities Exchange.