3 March 2014

ASX Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Renounceable Rights Issue

Red Gum Resources Limited (**Company, ASX : RGX**) is pleased to announce that it is undertaking a fully underwritten renounceable rights issue (**Rights Issue**) of three new fully paid ordinary shares in the capital of the Company (**RRI Shares**) for every two shares held by eligible shareholders on the record date, at an issue price of $0.003 per RRI Share, to raise $582,000 (before costs), together with one free attaching quoted option for every four RRI Shares issued, exercisable at $0.01 per option on or before 15 November 2017.

Up to approximately 194.0 million RRI Shares will be issued pursuant to the Rights Issue which is fully underwritten, subject to certain terms and conditions, by DJ Carmichael Pty Ltd. Shares issued under the Rights Issue will rank equally with the Shares which the Company currently has on issue. The offer is renounceable, accordingly there will be trading of rights on ASX and shareholders may sell or transfer all or part of their rights.

The funds raised will be used by the Company to identify new opportunities, and for working capital and the costs of the issue. Shareholder approval is not required in relation to the issue of the Shares and Options pursuant to the Rights Issue.

Details of the timetable of relevant events and dates relating to the Rights Issue will be announced to the market shortly. Full details of the Rights Issue, including the underwriting arrangement and key risks of the Rights Issue, will be set out in a prospectus which is expected to be lodged with ASIC, released to the ASX, and available on the Company's website at www.redgumresources.com, on 10 March 2014. The prospectus will also contain an entitlement and acceptance form. The Company intends to apply to the ASX for quotation of the attaching options.

Unsecured Loan

In addition the Company has negotiated an unsecured loan (**Loan**) of $530,000 convertible, subject to shareholder approval, into 176.7 million ordinary shares at $0.003 each, being the same issue price as the RRI Shares. Upon conversion (following shareholder approval) the loan subscribers will receive one quoted option for each four conversion shares on the same terms as the quoted options attaching to the RRI Shares, i.e. exercisable at $0.01 each expiring on 15 November 2017.

The Loan is subject to standard conditions for a facility of this type in the circumstances, including an interest rate of 12% pa plus an acknowledgement that sale proceeds from any asset sales will be first applied in repayment of the Loan.

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Appointment of Director

The Board is pleased to announce the appointment of Mr Edwin Bulseco as an independent non-executive director. Mr Bulseco has a wealth of experience in capital markets and corporate strategic planning. From 2010 to 2014 Edwin served as senior equity research analyst at two of Australia's oldest stockbrokers. During this period, Edwin's considerable capital markets and corporate experience resulted in over $100 million of new capital being raised, in addition to a number of successful corporate restructures. Prior to working in capital markets Edwin held various corporate, strategic planning and commercial roles with Royal Dutch Shell, resulting in the maturation and commercialisation of a number of global projects.

In welcoming Edwin to the Board the Chairman, Dr Ray Shaw, said that the appropriateness of this appointment is compelling, given Edwin's skills and the extensive recent exposure he has had in corporate restructures, as the Company now seeks to identify, negotiate and execute a future strategy which is in the best interests of all shareholders.

Yours sincerely

Dr Ray Shaw
Executive Chairman
Red Gum Resources Limited

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