

Appendix 3C

Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity

RCG Corporation Limited

ABN

85 108 096 251

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	Selective buy-back
2	⁺ Class of shares which is the subject of the buy-back (<i>eg, ordinary/preference</i>)	Ordinary
3	Voting rights (<i>eg, one for one</i>)	One for one
4	Fully paid/partly paid (<i>and if partly paid, details of how much has been paid and how much is outstanding</i>)	Fully paid
5	Number of shares in the ⁺ class on issue	196,785,660
6	Whether shareholder approval is required for buy-back	Yes. To be sought at the Company's 2008 annual general meeting
7	Reason for buy-back	See attached schedule

Appendix 3C

Announcement of buy-back

- | | | |
|---|--|--|
| 8 | Any other information material to a shareholder's decision whether to accept the offer (<i>eg, details of any proposed takeover bid</i>) | Further information will be provided to shareholders in the notice of annual general meeting and accompanying explanatory memorandum (which will include an independent expert's report on the proposed selective buy-back) |
|---|--|--|

On-market buy-back

- | | | |
|----|---|-----|
| 9 | Name of broker who will act on the company's behalf | N/A |
| 10 | Deleted 30/9/2001. | |
| 11 | If the company intends to buy back a maximum number of shares - that number

<small>Note: This requires a figure to be included, not a percentage.</small> | N/A |
| 12 | If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention | N/A |
| 13 | If the company intends to buy back shares if conditions are met - those conditions | N/A |

Employee share scheme buy-back

- | | | |
|----|---|-----|
| 14 | Number of shares proposed to be bought back | N/A |
| 15 | Price to be offered for shares | N/A |

⁺ See chapter 19 for defined terms.

Selective buy-back

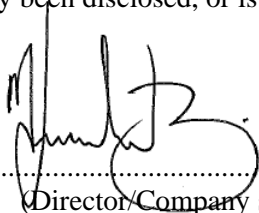
- | | | |
|----|--|--|
| 16 | Name of person or description of class of person whose shares are proposed to be bought back | R&R Super Pty Limited
Rosedale Road Pty Limited |
| 17 | Number of shares proposed to be bought back | Up to 14,912,013 (see attached schedule for further details) |
| 18 | Price to be offered for shares | \$0.30 per share |

Equal access scheme

- | | | |
|----|---|------------|
| 19 | Percentage of shares proposed to be bought back | N/A |
| 20 | Total number of shares proposed to be bought back if all offers are accepted | N/A |
| 21 | Price to be offered for shares | N/A |
| 22 | +Record date for participation in offer
<small>Cross reference: Appendix 7A, clause 9.</small> | N/A |

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:  Date: *27 August 2008*

(Director/Company secretary)

Print name: Michael Hirschowitz

Schedule to Appendix 3C - announcement of buy-back

As previously announced to shareholders, the Company completed the sale of its King of Knives business in October 2007 (effective 2 July 2007). Settlement of the deferred sale price (which is in the form of an interest bearing secured loan from the Company) will take place at the end of September 2008. The debt for the sale price is guaranteed in favour of the Company by a third party financial institution, which in turn has taken a first mortgage over 14,912,013 RCG shares owned by interests associated with the Baskin family (the Buyer). Under the terms of the original share sale agreement, the Company's recourse against the Buyer for payment of the sale price was limited to the enforcement of the third party guarantee which was in turn limited to the proceeds of the sale of the mortgaged shares.

However, subsequent to the end of the financial year, the Company and the Buyer agreed certain amendments to the share sale agreement. The effect of these amendments is to alter the recourse of the Company in the event that the sale price debt is not repaid at the end of September 2008. The recourse has been amended to \$2.25 million in cash plus the proceeds of the enforcement of the share mortgages in respect of half of the secured shares. In accordance with the amendments that were agreed between the Company and the Buyer, the recourse has been amended to \$2.25 million in cash plus the proceeds of realisation of half of the secured shares. This effectively caps the sale price at \$2.25m plus the value of 7.45m RCG shares at the relevant time of sale. The payment of the \$2.25 million in cash (and other obligations under the Share Sale Agreement) is personally guaranteed by Ron and Darryl Baskin.

The Company is seeking shareholder approval for the selective buy-back at \$0.30 per share of that number of the secured shares as satisfies the unpaid portion of the sale price if it has to enforce the third party guarantee (which will result in the third party institution then enforcing its mortgage over the secured shares), and at the time of realisation of the shares forming the subject matter of the share mortgages it appears unlikely that the third party institution will be able to recover an amount equivalent to \$0.30 per share. The price of \$0.30 is supported by an independent expert's report (**Report**) commissioned pursuant to the resolution of the Board to conduct the selective buy-back which concludes that the buy-back would be fair and reasonable to the Company's non-associated shareholders. The Report will form part of the notice of annual general meeting containing the selective buy-back resolution.