



Red 5 Limited

Highlights of interview....

- Operating parameters & progress at Siana
- Timetable to gold production at Siana
- Rain mitigation, funding & exploration
- Upside through Mapawa and other

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Red 5 Limited (ASX code: RED; market cap of ~\$200m) is developing the Siana Gold Project in the Philippines. What are the latest project parameters for Siana including mine life, production, throughput and capital and operating costs?

Managing Director, Greg Edwards

Mine life is currently still set at 10 years with a likely extension when further drilling has been completed after the pit has been dewatered.

The life of mine production is estimated at 850,000 ounces of gold plus 1.5 million ounces of silver. Throughput during the open pit phase is expected to be around 750,000 tonnes per annum and will reduce to 400,000 tonnes per annum when mining is from underground only.

The final capital expenditure is expected to be around US\$78 million and cash operating costs projected to be below US\$400 per ounce of gold.

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What is the latest progress at Siana? To what extent has the very heavy recent rain affected the construction schedule? When do you expect the first gold pour?

Greg Edwards

The rainfall in the Siana region has been over 200% more than average. The record rainfalls have severely impacted the construction schedule. The first gold pour will now more than likely be sometime early in the September quarter.

However, the pit dewatering is now back on schedule with water levels dropping by over 10 metres. Even with the heavy rains we have been able to continue dewatering the pit.

The administration building is complete and is in use. The senior staff quarters are about 95% complete.

Access roads are complete except for the “Irish Crossing” over the river which has been delayed due to the heavy rainfall.

The Carbon-in-Leach (CIL) tanks are 75% complete and the ball mill and crusher foundations form work has been complete for a number of weeks, with concrete to be poured as soon as there is a break in the weather.

The long lead-time plant and equipment has been delivered and is ready for installation. The offsite fabrication is on schedule and the refurbishment of the power plant generation sets is complete and they are ready for delivery to the site.

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What are your major corporate objectives for 2011?

Greg Edwards

During 2011, the Company will focus on:

- Completing the Siana build.
- Putting in place a stand-by financing facility to ensure the project remains fully funded.
- Continuing with Mapawa exploration and;
- Commencing an exploration program around the Siana open pit and the surrounding region.

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What are Red 5's overall company-wide production targets? What exploration success is assumed to meet these targets?

Greg Edwards

The Company believes there is considerable scope to increase the Reserves within the Siana Resource area. A number of ore panels have been identified within the Siana Resource, but without further drilling, target ranges cannot be defined. As I've stated, we already have a solid base of 10 years of Reserves to launch the project.

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Can you outline the mining method and processing flow sheets at Siana? Are there any particular risks with these?

Greg Edwards

Siana will initially be mined as an open pit and then will convert to an underground mine. There will be a transition phase where both open pit and underground mining will be producing at the same time.

The open pit mining has commenced and using a local mining contractor, Delta. Delta has additional equipment available at site to allow us to increase the mining rate if we wish.

Underground mining will be underhand cut and fill. The Company plans to utilize road headers for the underground mining as it is more productive with soft ore.

The plant is a conventional CIL plant with a Semi-Autogenous Grinding (SAG) mill rated to process up to 1 million tonnes per annum.

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Can you outline your specific short term and longer term plans to bring your second project, Mapawa, into production? What are the major milestones ahead?

Greg Edwards

Exploration at Mapawa is still at an early stage of exploration. Exploration in Mapawa and other areas within trucking distance of the Siana processing plant will continue during the life of the mine with a focus on providing additional gold reserves to the Company. The upside for this exploration is to potentially discover another stand-alone mine in the region.

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Can you explain the advantages and risks in operating in the Philippines particularly with reference to the fiscal, political, social, climatic and environmental regime? In what way have you, or do you plan to, mitigate these risks?

Greg Edwards

The Philippines has a maturing mineral development industry that has enormous potential to provide economic support to the country. As a developing country socio-political and fiscal issues need managing so as to keep local communities and other stakeholders well informed about the expected outcomes of our development. We have a strong and transparent relationship with our local community and will continue to assist them to improve their livelihoods.

Whilst the climatic conditions at the site are problematic during our construction phase, such issues will not be apparent during the operational phase of the mine. Of course our main focus is the continued mitigation of environmental issues including any water discharge from the site. For this reason we set up environmental procedures and controls from the commencement of the construction that will continue throughout the life of the mine.

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Can you outline Red 5's expertise to explore and mine in the Philippines? To what extent are you drawing on local expertise? What flood mitigation infrastructure is in place (or will be in place)?

Greg Edwards

Red 5 has been operating in the Philippines for over eight years and has built up an enviable array of contacts throughout the country. During this time local, mining-specific expertise has been used wherever possible and supplemented with outside consultants on an as required basis. For example, the bulk of the environmental work required done for the BFS was done by local environmental consultants.

During the production phase the site will not be affected by flooding events since water naturally drains from the area into several local river systems.

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The environmental mitigation controls that have been put in place from the commencement of the development include a set of large settling ponds that impede the flow of water from the site into the surrounding river systems. During the recent heavy flooding events the system has been constantly tested and the planned discharges have resulted in excellent water quality inflows to the rivers.

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What is your current funding position? What expenditure do you plan including exploration? Have you secured all permits to get Siana into production?

Greg Edwards

The Siana project is fully funded and the Company also has a stand-by facility available for a further US\$8 million if required. Our Treasury funds currently stand at A\$67.7 million of which \$51.4 million is required to complete the project. The balance of the funds will be used for operating capital and exploration.

We have all necessary permits for the construction of the processing facility and the mine for this stage of the development. The major permits such as the Environmental Compliance Certificate and the 'Notice to Proceed' were secured over a year ago. Minor permits that require annual renewal are always kept up to date through our in-house statutory compliance system.

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How can Red 5 differentiate itself from other miners in the region or other miners of its size?

Greg Edwards

Firstly, we have tried to involve the community in every aspect of our exploration and development. We will have developed the Siana Gold Project by maximising local employment and local contractors. Red 5 is committed to promoting long-term sustainable benefits for our local communities and for this we are a 'partner of choice' in our area.

Secondly, Red 5 has committed to an enviable environmental policy that ensures sustainable mineral development for the benefit of all stakeholders.

Last, but not least, we will produce gold at a cash cost at or below US\$400 per ounce that clearly distinguishes us from many of our peers.

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You have outlined a mine life of 10 years for Siana. Can you describe the geology of the region of Siana and Mapawa and why you believe you can add to that mine life? If you add resources, will you consider lifting production targets at your projects?

Greg Edwards

We believe we can add to the mine life at Siana because:

- At least 10 ore panels have been identified at depth that requires more exploration drilling to fully delineate the size and gold grade of the system. The system is basically open in every direction!

- There is excellent potential for the discovery of gold mineralisation similar to Siana on the surrounding tenements. In our focus to develop the Siana Resource we have not drilled more than 500 metres away from the current Resource!
- Although Mapawa is in early days of exploration, it has potential to provide some additional feed to the Siana plant at the very least. The upside to exploration at Mapawa and other areas within the under-explored tenements is, however, to find a stand-alone deposit.

For these reasons we have specifically designed the processing plant at Siana in such a way that additional processing throughput can be achieved with minimal capital outlay.

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Beyond the production planned at the two projects, what is the longer term plan for Red 5 to add to shareholder value?

Greg Edwards

With the development of Siana and the exploration success at Mapawa we believe Red 5 will be well positioned to take advantage of other opportunities available within the Philippines. Once in production, Siana should provide the Company with strong free cash flow.

Our first priority is to get Siana producing gold as soon as possible.

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Thank you Greg.

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