



ASX ACTIVITIES REPORT  
3 months ended  
31 March 2011

**Red5 Limited**  
is a publicly listed company  
on the ASX  
- ticker symbol RED

*The Board strategy is to  
focus on the development  
of Siana.*

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this report and company  
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## OVERVIEW

### Siana Gold Project, Philippines

- Sustained heavy rains continue to slow build progress
- Crusher and SAG mill major concrete pours postponed
- On site concrete batch plant commissioning completed
- CIL six tank train erection nearing completion
- Second dewatering pump unit comprising Flyt pumps commissioned, second Atlas pump available
- All major equipment items manufacture (SAG mill, rolls crusher, apron feeder, cyclone nest) in country and customs cleared awaiting barging to site
- All offsite steelworks and plateworks fabrication on schedule with pre-assembly achieved where practical
- Refurbishment of second hand standby emergency power plant complete, awaiting barging to site
- Electrical and pipe work packages awarded
- Capital cost (revised) US\$79.1 million (AUD76.8 million)
- Targeted first gold pour date under review

### Exploration

- Mapawa exploration progress severely hampered by extended and excessive rain
- Rigs to be moved to Siana mine site to commence extension drilling for the first time in over two years

### Corporate

- Mr Mark Milazzo appointed non-executive director, to be effective 1 May 2011

### Finance

- Cash position (no debt) \$65.4 million (unaudited) (US\$67.5 million) at period close with a further \$48.1 million (US\$49.6 million) allocated to completing the mine build
- Standby credit facility for US\$8 million in place with Sprott Resource Lending

**Greg Edwards**  
*Managing Director*  
20 April 2011

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## CHAIRMAN'S REVIEW

**Clearly a very frustrating time for the Siana mine build and Mapawa exploration teams due to the sustained extreme wet season which surpassed rainfall records of the last one hundred years.**

**On other fronts, important progress was made with acceptance of a standby credit facility, the appointment of an additional non-executive director and offers made for the two remaining key senior executive positions.**

As advised to shareholders throughout the quarter, the extreme rainfall in this wet season has severely restricted the mine build progress. Rainfall, as measured by the Surigao government rainfall station was 1.175 metres in March, taking the three month aggregate to 4.0 metres.

In particular, the major concrete pours for the crusher and SAG mill were postponed for nine weeks to avoid damage to the plant site engineered fill. The SAG mill floor was eventually poured, using an innovative cover technique, in the last two days of the period.

A first gold pour date will be forecast once the second concrete pour has been completed and both have cured and been certified. All other equipment to complete the build is in-country and customs cleared.

Offers for the two remaining senior positions, the Operations Manager and the Exploration (Technical) Manager have been made.

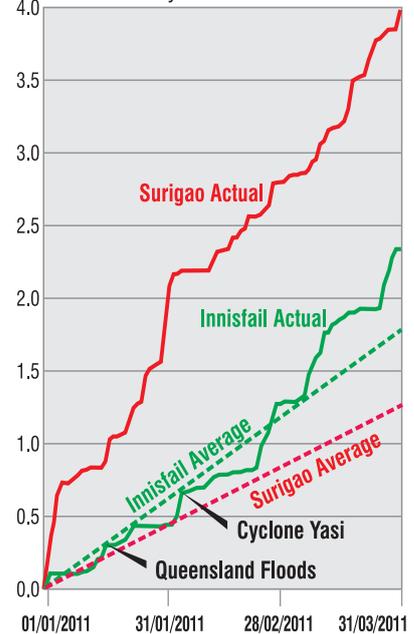
Mr Mark Milazzo was appointed by the Board as a non-executive director from candidates presented by independent, Park Brown International.

Mr Milazzo is a former General Manager of HWE Mining Pty Limited where he was responsible for managing a portfolio of surface and underground mining contracts for a wide range of clients across a range of commodities. His counsel will be most valuable during the open pit start-up phase and establishment of the underground mine.

The Company agreed a US\$8 million standby credit facility with Sprott Resource Lending Partnership replacing the previously announced US\$25 million gold pre-pay with Sprott Group.

Whilst the Siana gold mine build (together with working capital requirements and exploration programmes) is fully funded, the board deemed it prudent to guarantee access to additional funding, from a financially robust organisation, in the light of continued heavy rains during construction and due to recent global events. The standby facility is non-revolving, maturing 31 March 2013. Red5 will issue 5.0 million shares (subject to a four month hold) in lieu of an establishment fee. Sprott Group holds more than 5% of the issued capital having supported the November 2010 equity raise.

**Cummulative Rainfall in Metres**  
1 January to 31 March 2011



**I trust the rain will eventually abate and allow construction of the mine to be completed, however, an inaugural gold pour date prior to the September 2011 quarter now appears unlikely.**

**Colin G Jackson**  
Chairman

## SIANA MINE BUILD

Extreme weather has dictated construction progress with the crusher foundation the major outstanding concrete pour. Numerous smaller pours for conveyor footings, MCCs, plant office, assay laboratory, power plant and plant workshops are being conducted under tarpaulin covers.

The fabrication programme has been modified with a greater emphasis on pre-assembled steel work and tankage where possible off-site.

The site drainage system has coped with the rainfall, albeit that silt ponds have required more frequent attention. Pit dewatering is progressing to schedule at rates of up to 1,400 litres per second. A second Atlas 1,000 litre per second pump was available at period end.

Senior plant managers commenced duties towards the period end.

Golders has reviewed the pit design to include a second ramp as part of risk mitigation.

## EXPLORATION

With the extreme rainfall, exploration activities, both drilling, and ridge and spur sampling, have been severely restricted at Mapawa. A review of all data is currently being undertaken, particularly with respect to the zinc occurrences which indicate that current drill targeting is on the periphery of the gold-copper porphyry.

An exploration review has been completed over the current exploration properties and has highlighted several areas for immediate follow-up. An exploratory programme consisting of 7,000 metres of diamond drilling is planned for several high value drill targets. At least two drill rigs will be moved to Siana to follow up SMDD135 (3 metres at 31.6 g/t gold) which was completed post the Resource calculations two years ago. Drilling will be north and in the vicinity of previously reported results including 8.1 metres at 85.0 g/t gold and 55 g/t silver and 9 metres at 30.2 g/t gold and 9.8 g/t silver (both in SMDD-129). Elsewhere on the Siana MPSA, drilling will be targeting major structures along strike and related to the Siana Gold deposit.

A major soil sampling programme over the Alegria-Madja area approximately six kilometres to the south has highlighted several large copper-gold anomalies up to one kilometre in diameter with associated copper-gold porphyry related multi-element geochemistry and geophysical signatures. A scout drilling programme will immediately commence to systematically test these regional scale targets. Previous drilling in the area has returned results including 18 metres at 0.53 g/t gold and 0.49% copper hosted in diorite porphyry.

## FINANCE

With substantial cash funds in treasury, the Company appointed independent Oakvale Treasury Capital Ltd. to manage and recommend the disposition of funds with approved parties in accordance within a clearly defined policy.

The capital cost and operating costs have been revised to reflect, in particular, the effect of currency variation and recently committed consumable contracts. The estimated life-of-mine cash cost is US\$364 per ounce.

### Capital to first gold production (revised)

Capital Item	US\$m
Mining Open Cut	
– dewatering	3.0
– equipment & pre-strip	19.7
Process Plant	44.4
Infrastructure	8.1
Misc Capital	3.9
<b>Total</b>	<b>79.1</b>

### Summary Operating Costs (revised)

	LOM
Mining	30.57*#
Processing	12.75
Administration	4.00
Excise Tax**	2.25
<b>Total Cost (US\$/t)</b>	<b>49.58</b>
<b>Total Cash Cost (US\$/oz<sup>^</sup>)</b>	<b>364</b>

Notes:

\* Open pit mine operating costs \$15.79 per tonne, underground mine operating costs \$45.01 per tonne, includes escalation on underground mining capital cost at 2% per annum from project commencement

# Base Case long term mine plan at 400,000 tonnes per annum underground rate

\*\* Includes 1% community tax on processing/admin costs

<sup>^</sup> Cash costs per ounce based on Au produced net of Ag by-product credits at US\$11.50 per ounce



Left: SAG Mill foundation construction shown in the foreground, and CIL tanks in the background.



Below left: South-east open pit cut-back in progress.

### Competent Person Declaration

The information in this Public Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on, and accurately reflects, information compiled by Mr G C Edwards who is a full-time employee of Red 5 Limited and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Edwards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which the Company is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Edwards consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

## CORPORATE INFORMATION

### Directors and Executive Management

**Colin Jackson** (Chairman)  
**Greg Edwards** (Managing Director)  
**Gary Scanlan** (Non-executive Director)  
**Kevin Dundo** (Non-executive Director)  
**Joe Mobilia** (Chief Financial Officer)  
**David Jerdin** (Project Director)  
**Frank Campagna** (Company Secretary)  
**Lolot Manigsaca** (Philippines-based)  
**Manny Ferrer** (Philippines-based)  
**Attny E Panimogan** (Philippines-based)

### Registered Office

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### Stock Exchange Listing

Australian Stock Exchange  
 Ticker Symbol: RED

### Issued Capital

Issued capital – 1,283,597,526 shares  
 Unlisted options – 1,400,000

### Share Price Range

15.5 to 20.5 cents

### Substantial Shareholders

Mathews Capital Partners 17.7%  
 Baker Steel Capital Managers 8.1%  
 JP Morgan Chase 5.8%  
 Sprott Asset Management 5.2%  
 Lujeta Pty Ltd 5.1%

### Shareholder Enquiries

Matters related to shares held, change of address and tax file numbers should be directed to:

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