



## ASX ACTIVITIES REPORT 3 months ended 30 June 2012

**Red5Limited**  
is a publicly listed company  
on the ASX  
- ticker symbol RED

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

Inquiries regarding  
this report and company  
business may be  
directed to:

**Greg Edwards**  
*Managing Director*  
(office) +63 2 807 2790  
(mob) +61 408 370 582, or

**Colin Jackson**  
*Chairman*  
(office) +61 8 9322 4455  
(mob) +61 407 718 372

Investor Inquiries:  
[info@red5limited.com](mailto:info@red5limited.com)

Address:  
Level 2, 35 Ventnor Avenue  
West Perth 6005  
Western Australia  
Tel: (+61) 8 9322 4455  
Fax: (+61) 8 9481 5950  
Web: [www.red5limited.com](http://www.red5limited.com)

## OVERVIEW

### Siana Gold Project, Philippines

- Gold-silver doré shipments to Metalor, Geneva, totalled 571 kg in May/June 2012
- Pit dewatering completed behind schedule due to ground water ingress at base of pit. Removal of 140,000 bcm of silt ongoing.
- Pre-strip and cut-back movement – 293,000 bcm this period and 4.2 million bcm year-to-date. Waste stripping rate reduced in-line with current lower ore extraction rate.
- Process plant running time dictated by lower ore extraction rate but proven at throughputs of 3,000 tonnes per day
- Production guidance for 2012/2013 remains – 75,000 ounces at sub US\$340 per ounce cash cost and US\$655 per ounce total cost.

### Exploration

- Geochemical soil sampling programmes northwest of Siana in progress.
- Alegria copper porphyry target, 8km south of the Siana mine - site access and drill site preparation and community consultation ongoing.

### Finance

- Cash position (no debt) \$13.5 million (unaudited) at period close.
- Royalty (Mt Cattlin tantalum ore) revenue of \$292,000 received. Lower production rates forecast in the next few quarters by Galaxy Resources Limited.

### Corporate

- International securities broker, CanaccordGenuity, initiates research following site inspection.

### Greg Edwards

*Managing Director*  
31 July 2012

## CHAIRMAN'S REVIEW

### Commissioning Continues

As advised during the quarter, the slow rate of pit dewatering was addressed with the strengthening of the Mining Department personnel.

The current pit has now been successfully dewatered under the supervision of a dedicated, multi-disciplined experienced team. This team is now designing the system and procedures necessary to keep the pit dewatered for its entire operating life.

With the pit dewatered, the mining challenge progressed to the removal of an estimated 140,000 cubic metres of silt accumulated at the pit floor over the last twenty years.

Sumps were excavated to depths between 5 and 12 metres below the existing pit floor to minimise moisture levels at the interface, thereby allowing the silt to partially dewater. The silt, with a consistency of sloppy peanut butter, is then excavated and loaded into trucks for disposal at the waste dump. Because of the nature of this material, the consequential low loading and trucking efficiency, and its potential fluidisation during transport, it was not possible to accurately predict the removal programme duration. Accordingly, the board commissioned external independent advice to review the practices being employed.

Company management now believe that sufficient silt will be removed from the northern end of the pit imminently to allow full scale mining of the 70 metre wide orebody to commence. The photos below show a causeway separating the higher grade northern section of the ore body from the southern end.

Commercial production, defined as 30 continuous days at an average of 60% of the interim throughput of 750,000 dry tonnes per annum, was declared on 20 April 2012.

Subsequent process plant throughput rates have exceeded 3,000 tonnes per day, equivalent to in excess of the final 1.1 million tonne per annum name plate capacity.

However, in the light of the silt removal issue, the declaration of commercial production in hindsight could be seen as premature, given the inability of the mine to deliver consistent ore feed to the process plant. Rather than run the mill on an intermittent basis and at less than optimal throughput, management elected not to operate the plant for several extended periods.

Whilst the July 2012 month ramp-up production forecast of 2,500 ounces of gold is in doubt, management's production guidance for 2012/13 has been maintained at 75,000 ounces at a cash cost of sub US\$340 per ounce.

Naturally, shareholders will be anxious about the Company cash position.

At the date of this report, cash on the balance sheet stood at \$10.8 million (unaudited). All operating costs, fuel, wages, power, consumables and earthmoving contract invoices are being met as incurred. The mill is not of course operating 24/7 and the waste removal programme has been reduced in line with the slower ore exposure and milling rate. Final construction cost close out costs and retention money re-imbursement of \$6 million has been partially deferred with vendor agreement.

**The Company retains an US\$8 million debt facility which remains undrawn.**

**Colin Jackson**  
*Chairman*



*Silt removal from pit (looking east)*



*Silt removal from pit (looking south)*

## OPERATIONS

The pit dewatering is essentially complete with the water table drawn down below the level of solid material at the base of the pit. During the period mining activities concentrated on further reducing the level of the water table to expose silt built up during the previous 20 years. The reduction of the water table has further exposed in-situ waste and ore particularly in the northwest and northeast of the pit. Two east-west causeways have been developed at the base of the pit creating three cells to enable the remaining silt material to be systematically removed. The silt enveloping the northern ore zone (in the northernmost cell) has now been removed and systematic preparation for ore extraction from this area has commenced.

Total material movement during the period of 293,000bcm was lower than budget due to the silt removal phase and the decision to reduce the quantum of waste removal from the schedule during this period.

Ore extraction predominately focused on the northeast and northwest portion of the pit with limited tonnages coming from a new southwest ore zone. Ore production from the pit will be restricted through to mid-August when a substantial area in the northern half of the pit will be available for normal ore mining. Reconciliation monitoring of the Resource block-model with production since the beginning of the year indicates near 100% comparability with both tonnage and grade in the model.

The Process Plant has performed well during the period, albeit operating intermittently when ore has been available from the pit. Despite this, sustained periods of throughput above the final nameplate of the plant (3,000 tonnes per day) have been achieved during the period. Regular deliveries of ore to the plant from early August will enable the ramp-up through to nameplate production to proceed as planned.

## EXPLORATION

With the current focus on the Siana Open pit there has been a cessation in exploration and resource definition drilling activities during the June Quarter. During this period the emphasis has been on surface sampling, re-interpreting current data and planning future field and drilling programmes.

Reconnaissance geochemical soil sampling programmes to the northwest of the Siana pit continues over interpreted deep seated, regional structures associated with the Philippine Rift Zone. Drill follow-up is expected.

Access development for drilling porphyry copper-gold targets in the Alegria area is ongoing with track and drill pad preparation in progress. The initial drill programme, to begin shortly, will target large copper-gold surface anomalies defined by previous work.

## Quarterly Production Summary

<b>Key Indicators</b>	<b>Units</b>	<b>June 2012 Quarter*</b>
<b>Mine Production</b>		
Waste Mined	BCM '000s	293
Ore Mined	t	47,252
Mined Grade - Gold	g/t	2.1
<b>Mill Production</b>		
Ore Processed	t	46,828
Head Grade - Gold	g/t	2.0
Head Grade - Silver	g/t	11.5
Recovery - Gold	%	72%
Recovery - Silver	%	55%
Gold Produced	oz	2,734
Silver Produced	oz	15,227
Gold Sold	oz	2,734
Silver Sold	oz	15,227
Average Gold Price received	US\$/oz	1,656
Cash Operating Costs (i)	A\$/oz	674
Total Operating Costs (ii)	A\$/oz	826
<b>Capital Expenditure</b>		
Waste Stripping Costs (iii)	A\$m	2.45
Plant and Equipment	A\$m	0.52
Exploration	A\$m	0.20

\* Includes only May and June.

(i) Includes all site expenditure, royalties, dore shipping & refining costs, silver credits and inventory movement adjustments. Does not include actual waste stripping costs which are deferred and amortised over the life of the open pit.

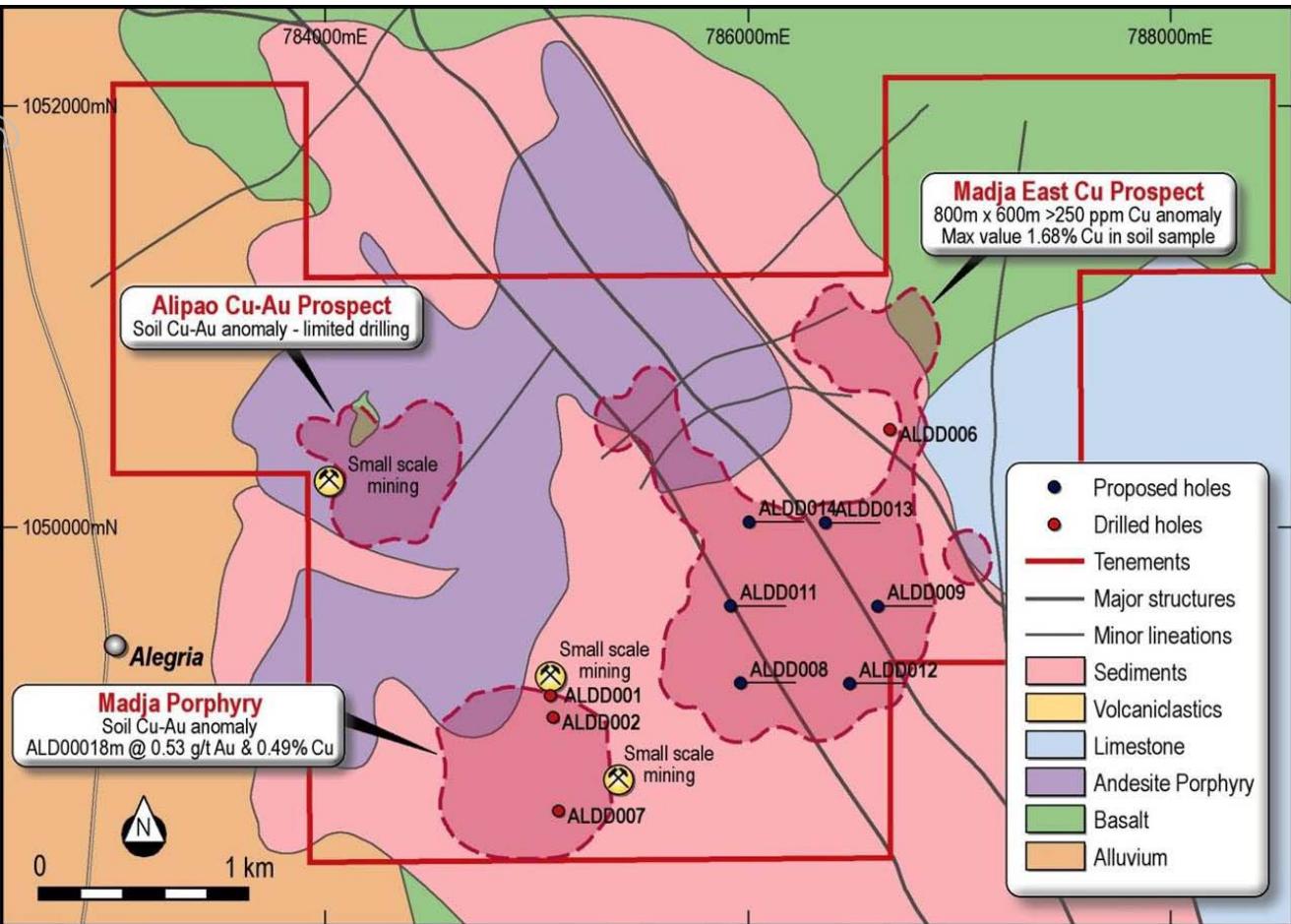
(ii) Includes all cash operating costs plus plant & equipment depreciation and amortization of waste stripping costs and capitalised pre production mining and exploration costs.

(iii) All waste stripping costs for the period are capitalised and amortised over the life-of-pit.

## Production Costs Summary

	<b>A\$ million</b>	<b>A\$/oz</b>
Mine Costs Open Pit (attributable to ORE tonnes)	0.242	89
Processing Costs	1.140	417
G & A Costs (includes portion of Manila costs)	0.798	292
Other costs (Gvt Excise Tax, SDMP)	(0.021)	(8)
Silver Credits	(0.317)	(116)
<b>Total Cash Operating Costs</b>	<b>1.842</b>	<b>674</b>
Depreciation - Plant and Equipment (LOM including forward sustaining capex)	0.141	52
Amortisation - Mine Property & Development (sunk costs)	0.275	100
<b>Total Depreciation and Amortisation</b>	<b>0.416</b>	<b>152</b>
<b>Total Costs</b>	<b>2.258</b>	<b>826</b>

Dounces sold - 2,734



Alegria drilling programme location

## 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 Rohan D Williams who is a full-time employee of Red 5 Limited and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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 Williams consents to the inclusion in the report of the matters based on his 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)  
**Mark Milazzo** (Non-executive Director)  
**Joe Mobilia** (Chief Financial Officer)  
**David Jerdin** (Project Director)  
**Ron Pyatt** (Operations Director)  
**Rohan Williams** (Group Exploration)  
**Frank Campagna** (Company Secretary)  
**Lolot Manigsaca** (Philippines Finance)

### Registered Office

Level 2, 35 Ventnor Avenue  
West Perth WA 6005  
Telephone: +61 8 9322 4455  
Facsimile: +61 8 9481 5950

### Stock Exchange Listing

Australian Stock Exchange  
Ticker Symbol: RED

### Issued Capital

Issued capital – 135,488,008 shares  
Unlisted options – 290,000

### Share Price Range

\$1.28 to \$1.975

### Substantial Shareholders

Baker Steel Capital Managers 8.1%  
Franklin Resources Inc. 6.6%

### Shareholder Enquiries

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

Securities Transfer Registrar  
770 Canning Hwy Applecross WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233