



ASX ACTIVITIES REPORT  
3 months ended  
31 December 2012

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

*The Board strategy remains  
the development of Siana.*

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

**Joe Mobilia**  
*Chief Financial Officer*  
(office) +61 8 9322 4455  
(mob) +61 404 041 482, 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

#### Operations

- Gold-silver doré shipments to Metalor, Geneva, totalled 3,806 ounces of gold and 5,061 ounces of silver.
- Pre-strip and cut-back movement 566,000 bcm - 32% higher than last period but still limited by contractor mobile fleet availability.
- Delta Earthmoving Inc. presented with Notice of Termination post period end – some equipment to be retained under direct Red5 management.
- Galeo Equipment and Mining Company Inc. to provide additional earthmoving equipment – full mobilisation by end of February 2013.
- Site power augmented towards close of period.
- Pit de-watering capacity augmented post period close.

#### Finance

- EBITDA from operations of \$2.09 million (unaudited).
- US\$25 million loan facility funding completed with Credit Suisse AG.
- US\$8 million facility with Sprott Resource Lending repaid.
- Cash position \$19.4 million (unaudited) plus an estimated 1,188 ounces of gold bullion awaiting shipment at period close.
- Galaxy Resources Limited royalty payment (Mt Cattlin tantalum ore) of \$0.39 million (June and September 2012 quarters) received post period close.

#### Corporate

- Managing Director, Greg Edwards steps down.
- Steve Norregaard appointed Managing Director, effective 1 February 2013.
- Non-executive director, Gary Scanlan retires from the board.
- Van Eck Associates becomes substantial shareholder with 7.0% of the issued capital.
- Remuneration resolution achieves 97% vote in favour at the AGM.

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## CHAIRMAN'S REVIEW

### A demanding quarter on all fronts

**On the operational front**, the vast volume of silt and buried pit wall slump material was essentially removed from the pit by the end of October 2012. With the focus and urgency then directed to ore extraction at the bottom of the pit, operating deficiencies were identified in dewatering, with the primary cause being power.

The mine, process plant and infrastructure was originally established on the basis of on-site temporary power being replaced by a 69kV national grid line within six months. This installation is a long way behind schedule with the result that accelerating maintenance requirements for our own system necessitated power shedding between the mine and the mill. This in turn, was affecting our dewatering capacity, which in turn affected the mining of ore and its accurate delineation due to standing water at the surface interface.

The power has been resolved with the addition of a rented 2mW trailer mounted unit synchronised with our power station. Following the early failure of this unit the provider has now stationed a replacement unit at site. We now have adequate power at site. To supplement the current dewatering system, which comprises two electrically driven Atlas 1,000 litre a second pumps in series, we are

currently commissioning a TP200/180 200 litre a second direct diesel driven pump. In addition to the independent power source, this unit will also be pontoon mounted. With a successful diesel pump commissioning, the mine will be able to instigate the preferred method of grade control, namely RC drilling.

The next major issue being addressed in the mine is the continued poor availability of the contractor's earthmoving fleet. Whilst changes within our own mining team and the embedding of a maintenance manager into the contractor's team have made major improvements, we remain vulnerable to poor excavator availability. The contractor was given a Notice of Termination which is effective 16 March 2013. Nominated equipment will be retained under direct Red5 management and augmented by a second fleet, rented from Galeo.

**On the financing front**, a US\$25 million loan facility with Credit Suisse AG was concluded and drawn in full. The loan will be repaid over 30 months with the first repayment due at the end of July 2013. The financing was necessitated by the continued delay in meeting production and revenue forecasts. Credit Suisse conducted extensive due diligence, including reviews by well-known and respected mineral consultants, Behre Dolbear.

The Company also provided production forecasts for the three year tenure of the loan derived with independent assistance from AMC Consultants Pty Ltd. Unsolicited financing offers were reviewed and deemed to be potentially more expensive in the longer term.

**On the corporate front**, there are three changes to the board. Our founding director, Greg Edwards stepped down from the position of Managing Director, and non-executive director Gary Scanlan retired after six years' service having most recently acted as Lead Director.

Following an executive search process to identify strong operationally focused candidates, Mr Steve Norregaard was appointed to the Managing Director role, effective 1 February 2013. Mr Norregaard is a mining engineer graduate of the West Australian School of Mines, with substantial operating and management credentials.

**So in summary, whilst much has been achieved, there remains much to deliver.**

**Colin G Jackson**  
*Chairman*  
29 January 2013



## OPERATIONS

Contractor fleet availability remained an on-going issue with the principal production components of the fleet, the large excavators, small excavators and the six wheel articulated trucks achieving period average availabilities of only 37%, 45%, and 59% respectively.

Plant throughput continued to improve through the quarter with increasingly reliable power. The December month was the highest to date at 53,792 tonnes restricted only by ore availability due to poor mine fleet availability and the start of the wet season, with 435.3mm recorded for the month. With more consistent throughputs, gravity gold recovery is improving and can now represent up to 30% of total doré.

With an increasing volume of ore coming from the pit floor, rather than from the upper benches where extensions to ore panels were exposed during the pit cut-back activity, the process plant is receiving mill feed contaminated with timbers from the old underground mine. Whilst this is not materially constricting the throughput, it does present the potential for lower gold recoveries, due to wood splinters potentially preg-robbing gold in solution. The timbers and fibrous materials captured on screens will eventually be burned with the ash directed to the gold recovery circuit. Operating practices are also being modified in the elution circuit to avoid carbon harvesting and transfer delays.

The month of January 2013 has proven to be difficult. Exceptionally intense rain was recorded with 404mms in less than 48 hours in mid-January 2013. The water level in the pit rose as this occurred at a time when the diesel pump was being commissioned.

With ore positions at the pit floor unavailable, and with the re-routing of dewatering lines, the opportunity was taken to implement a number of minor modifications in the process plant, including: new plates for the swinging arm of the jaw crusher to close down the set size and reduce the top size of the product; replacement of the rubber conveyor with a steel apron feeder at the transfer point; and the installation of down-comer pipes in the CIL tanks as there is some evidence of carbon short circuiting during times when the pulp viscosity increases.

Also planned in the first quarter is the installation of a high abrasion steel spiral for the SAG mill trommel to improve pulp retention during periods of high scattering. In total, the process plant has been off-line for 19 days in January. ROM pad build-up continues.

## Production Cost Summary

	Quarter ending			
	Sept 2012		Dec 2012	
	A\$m	A\$/oz	A\$m	A\$/oz
Mining Costs	0.38	112	0.45	119
Processing Costs	2.93	870	2.98	782
G&A Costs	1.18	349	1.44	377
Other Costs	0.35	103	(0.44)	(116)
Silver Credits	(0.17)	(52)	(0.16)	(42)
<b>Cash Operating Costs</b>	<b>4.66</b>	<b>1,382</b>	<b>4.26</b>	<b>1,120</b>
Depreciation	0.25	75	0.53	154
Amortisation	1.15	340	0.98	256
<b>Depreciation and Amortisation</b>	<b>1.40</b>	<b>415</b>	<b>1.56</b>	<b>410</b>
<b>Total Costs</b>	<b>6.06</b>	<b>1,797</b>	<b>5.82</b>	<b>1,530</b>

## Quarterly Production Summary

Key Indicators	Units	Quarter ending	
		Sept 2012	Dec 2012
<b>Mine Production</b>			
Waste Mined	BCM '000s	428	566
Ore Mined	t	86,750	119,763
<b>Mill Production</b>			
Ore Processed	t	92,883	108,397
Head Grade - Gold	g/t	1.8	2.0
Head Grade - Silver	g/t	4.1	6.1
Recovery - Gold	%	72	69
Recovery - Silver	%	27	35
Gold Recovered	oz	3,862	4,850
Silver Recovered	oz	3,327	7,510
Gold Sold	oz	3,369	3,806
Silver Sold	oz	5,953	5,061
Average Gold Price received	US\$/oz	1,697	1,730
Cash Operating Costs (i)	A\$/oz	1,382	1,120
Total Operating Costs (ii)	A\$/oz	1,797	1,530

(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 amortisation of waste stripping costs and capitalised pre production mining and exploration costs.

## Financial Summary

	Quarter ending	
	Sept 2012	Dec 2012
	A\$m	A\$m
Sales Proceeds	5.50	6.36
Cost of Sales	(4.66)	(4.26)
<b>EBITDA from Operations</b>	<b>0.84</b>	<b>2.09</b>
Depreciation and Amortisation	(1.40)	(1.56)
<b>Net Earnings from Operations</b>	<b>(0.56)</b>	<b>0.53</b>
Philippine and Australian Corporate costs	(1.10)	(2.47)
<b>Net Earnings/(Loss) (pre currency translation)</b>	<b>(1.66)</b>	<b>(1.94)</b>
<b>Capital Expenditure</b>		
Waste Stripping Costs (i)	3.91	4.10
Plant and Equipment	0.68	1.40
Exploration	0.12	0.10

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



Top left: Standby portable diesel power generator stationed at site.

Top right: Final maintenance on apron feeder prior to installation.

Left: New direct diesel driven dewatering pump.

### 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)  
**Kevin Dundo** (Non-executive Director)  
**Mark Milazzo** (Non-executive Director)

**Joe Mobilia** (Chief Financial Officer)  
**David Jerdin** (Chief Operating Officer)  
**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

\$0.87 to \$1.27 (\$1.25 close)

### Substantial Shareholders

Baker Steel Capital Managers 8.4%  
 Van Eck Associates 7.0%  
 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