



**ASX REPORT TO
SHAREHOLDERS**

13 June 2013

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

*The Board strategy continues
to focus on the development
of Siana gold mine.*

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Siana operations further update

Activity on site to mitigate any spill from the compromised tailings wall, should it occur, is complete. A total of 177,000 bank cubic metres of material, including coarse rock, has been excavated or placed in completing the 240 metre long, 20 metre wide river diversion, back-filling of the original 700 metre long water course, constructing a 900 metre long, 3 metre high containment bund, buttressing and lowering the wall angle at a cost in excess of US\$3 million. The tailings dam and mine is now on a care and maintenance status. To be clear, there has been no spill.

Notwithstanding that remedial and corrective actions have been taken to restore the stability and integrity of the dam, the Company yesterday received from the Central Office of the Mines and Geosciences Bureau, a Cease and Desist Order. This requires the Company to cease gold ore mineral processing. As previously advised to shareholders, the processing operations ceased on 25 April 2013. The Company will seek to have the Order rescinded.

The primary focus at site is now directed towards delivering a tailings storage solution so that operations may recommence. Whilst the location of a new permanent long term tailings dam was selected several months ago, a conservative time to complete land acquisition, permitting and construction, allowing for the wet season, exceeds 12 months. Even though the majority of the work force has been stood down, the cost of keeping the open pit dewatered, running the power station at reduced capacity and general security for this duration is still considerable.

Accordingly, both short term and medium term solutions are being actively investigated.

The short term solution utilises Geotube geotextile bags, which are used elsewhere for difficult to handle material. They are akin to large permeable bladders which retain solids but release water leaving a stable residue fully contained. This has now become a technically feasible option given the availability of the 10ha site inside the containment bund area. Geotextile bag experts are due on site next week.

The medium term solution is to thicken and filter the tailings to generate a dry tailings product able to be stacked, or a paste able to be co-mingled with waste rock. GR Engineering has been appointed to provide capital and operating estimates. In effect, this brings forward a capital commitment that would in any case be required later when the mine transitions to underground and a cemented paste fill is required for the selected mining method.

The short and medium term solutions have significant positive implications for an earlier recommencement of operations and at a lower capital cost. Engineering, cost and implementation timetable estimates are expected in several weeks.

continued overleaf

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The Company is currently considering various financing and other alternatives to secure sufficient funding for capital expenditure and working capital requirements to enable the implementation of a viable tailings storage solution to allow the re-commencement of mining operations. The Company is also continuing discussions with its Senior Lender on the status of their debt facility, including a standstill arrangement whilst investigations and studies continue. The Senior Lender has continued to reserve its rights under the facility agreements.

Collectively, these outcomes are integral in providing shareholders with a precise understanding of the Company's financial position and its future prospects. With the uncertainty and significant variation in outcomes with respect to cost, timing and consequential funding requirements, the Company shares will remain under voluntary suspension for the short term.

The Company will continue to keep the market updated as definitive information becomes available.

Steve Norregaard –
Managing Director



On old embankment showing rockdrain beneath



Completed rockfill.



Compaction of rockfill adjacent to rockdrain.



Rockfill covering rockdrain.



Compaction of rockfill adjacent to rockdrain.



Toeline where river used to be.