

Prospectus

Red 5 Limited ACN 068 647 610

A non-renounceable pro rata entitlements offer to Eligible Shareholders on the basis of 1 New Share for every 1 Share held at the Record Date at an issue price of 35 cents each per New Share to raise up to \$47,420,802 (**Entitlements Offer**).

The minimum subscription under the Entitlements Offer is \$35,000,000. The Entitlements Offer is not underwritten.

The Entitlement Offer closes at 5.00 pm (Perth time) on 20 August 2013. Valid Acceptances must be received before that time. Please read the instructions in this Prospectus and on the Entitlement and Acceptance Form regarding the Acceptance of your Entitlement under the Entitlements Offer.

This is an important document which requires your immediate attention. It should be read in its entirety (including the risk factors set out in Section 6 of the Prospectus) before you decide whether to participate in the Entitlements Offer. The New Shares offered by this Prospectus are of a speculative nature and Shareholders should be aware that they may lose some or all of the value of their investment. If you are in doubt about what to do, please contact your professional advisor.

This is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

Not for distribution in the United States of America or to U.S. persons.

Important information

This Prospectus is dated 19 July 2013 and was lodged with ASIC and ASX on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Red 5 has not made any investigations as to the regulatory requirements that may prevail in countries, outside of Australia and New Zealand, in which Red 5's Shareholders may reside. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

In particular, the Entitlements Offer and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States, and may not be offered or sold in the United States or to or for the account or benefit of any U.S. Persons, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States state securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In preparing this Prospectus, regard has been had to the fact that Red 5 is a disclosing entity for the purposes of the Corporations Act and that certain matters will reasonably be expected to be known to investors and their professional advisors. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to Red 5 which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Investors should be aware that past Share price performance of the Company provides no guidance to its future Share price performance. Neither the Company nor any other person warrants or guarantee the future performance of the New Shares or any return on any investment made pursuant to this Prospectus.

The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward looking statements. The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. Investors should specifically refer to the "Risks Section" in Section 6 of this Prospectus. That section refers to some, but not all, of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Prospectus.

References to geological information in this Prospectus that relate to exploration results, mineral resources or ore reserves are based on and accurately reflect information compiled by Mr Rohan D Williams, who is a full-time employee of Red 5. Mr Williams is a qualified member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which 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. Mr Williams consents to the inclusion of the matters based on his information in this Prospectus in the form and context in which it appears.

No person named in this Prospectus, nor any other person, guarantees the performance of Red 5, the repayment of capital or the payment of a return on the New Shares. No person is authorised to give

any information or to make any representation in relation to the Entitlements Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

The Company has resolved to maintain the current voluntary suspension from trading in the Company's securities in place, while it seeks to successfully complete the Entitlements Offer and balance sheet re-structuring. The Company expects that trading in its securities will recommence shortly after the close of the Entitlements Offer.

How to accept entitlement to New Shares

Entitlements to New Shares can be accepted in full by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the internet at www.red5limited.com. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia or New Zealand.

The Corporations Act prohibits any person from passing on to another person the Entitlement and Acceptance Form unless it is attached to or accompanied by a complete and unaltered version of the Prospectus. Red 5 will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the Applicant has not received a complete and unaltered copy of the Prospectus.

If you wish to obtain a free copy of this Prospectus, please contact Red 5 on (+61 8) 9322 4455 prior to the Closing Date.

This document is important and it should be read in its entirety. The New Shares to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the specific risk factors set out in Section 6. Before deciding to apply for New Shares, you should consider whether or not the New Shares are a suitable investment having regard to your personal circumstances. If in doubt, you should consult your stockbroker, solicitor, accountant or other professional advisor prior to completing and lodging an Entitlement and Acceptance Form.

Key information

Question	Response	Where to find more information
What is the Entitlements Offer?	Red 5 is offering to issue 1 New Share for every 1 Share held at the Record Date at an issue price of 35 cents each per New Share. When fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.	Section 4
What is the purpose of the Entitlements Offer?	The Directors intend to apply the proceeds from the Entitlements Offer to satisfying the Prepaid Swap Facility, initiating interim measures to enable production at Siana to re-commence in the short-term and to provide funds towards the construction of a new tailings dam to support ongoing production.	Section 3.4
What is the effect of the Entitlements Offer?	The effect of the Entitlements Offer is to remove the secondary sale restrictions on	Section 5

	<p>the New Shares.</p> <p>The Entitlements Offer, if fully subscribed, will also increase the number of Shares on issue by up to 135,488,008 Shares and raise funds of up to \$47,420,802 before associated costs (Full Subscription).</p>	
Who should apply?	<p>Only Eligible Shareholders should apply for New Shares under the Entitlements Offer.</p> <p>Unless Red 5 determines otherwise, Eligible Shareholders are Shareholders who hold Shares in Red 5 at the Record Date and whose registered address is in Australia or New Zealand only.</p>	Sections 4.1 and 4.7
Is the Entitlements Offer underwritten?	The Entitlements Offer is not underwritten.	Section 4.4
Is there a minimum subscription for the Entitlements Offer?	<p>Yes, the minimum subscription under the Entitlements Offer is \$35,000,000 (Minimum Subscription).</p> <p>No New Shares will be allotted or issued until the Minimum Subscription has been achieved. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Acceptance Monies to Applicants (without interest) or issue a supplementary prospectus or a replacement prospectus and allow Applicants 1 month to withdraw their Application and be repaid their Acceptance Monies (without interest).</p>	Section 4.17
What can I do with my Entitlement?	<p>As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> (a) subscribe for all or part of your Entitlement; (b) apply for Additional Shares in excess of your Entitlement; or (c) do nothing and allow all or part of your Entitlement to lapse. 	Section 8.1
Can I trade my Entitlement?	The Entitlements Offer is non-renounceable. This means that the Entitlements of Eligible Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of Rights on ASX.	Section 4.15
Will the New Shares be tradable on ASX?	Application will be made within 7 days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX.	Section 4.13
What are the key risks associated with an investment in New Shares?	<p>The key risks associated with an investment in New Shares are summarised in Section 6 of this Prospectus.</p> <p>Shareholders should read this Prospectus in its entirety and consult their professional advisers before deciding whether to apply for New Shares.</p>	Section 6
What happens if I take up only part	New Shares of an equivalent number to	Sections 4.5

of my Entitlement or do nothing?	Entitlements not taken up under the Entitlements Offer may be allocated to other Eligible Shareholders who have applied for Additional Shares in excess of their Entitlement, or may be placed by the Company within 3 months after the Closing Date in accordance with the Listing Rules. The Entitlements Offer will lapse in respect of those New Shares which are not acquired by Eligible Shareholders. Eligible Shareholders will not receive any proceeds in respect of any part of their Entitlement that they do not take up.	and 8
Will my shareholding in Red 5 be diluted?	Eligible Shareholders who choose not to take up their Entitlements will receive no benefit and their shareholding in Red 5 will be diluted.	Section 6.3(d)
Can I apply for additional New Shares in excess of my Entitlement?	Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares in excess of their Entitlement. However, there is no guarantee that Additional Shares will be available for issue, or that they will be allocated to all or any of the Eligible Shareholders who have applied for them.	Section 4.6
What are the rights and liabilities attaching to the New Shares?	The New Shares issued to Eligible Shareholders will rank equally in all respects with the Company's existing Shares on issue. A summary of the rights and liabilities attaching to the New Shares is detailed in Section 7.	Section 7.5

Proposed Entitlements Offer Timetable

Red 5 announces intention to conduct the Entitlement Offer	19 July 2013
Prospectus and Appendix 3B lodged with ASIC and ASX	19 July 2013
Despatch letter to Existing Option holders	22 July 2013
Despatch letter to Shareholders	23 July 2013
"Ex" Date (if securities were trading)	24 July 2013
Record Date	30 July 2013
Opening date of Entitlement Offer and Prospectus and Entitlement and Acceptance Forms sent to Shareholders	6 August 2013
Closing date for acceptances under the Entitlement Offer (5.00 pm Perth time)	20 August 2013
Securities quoted on a deferred settlement basis (if securities were trading)	21 August 2013
Red 5 to notify ASX of under subscriptions under the Entitlement Offer	23 August 2013
Completion of the Entitlement Offer and Red 5 to issue and allot New Shares under the Entitlement Offer	28 August 2013

Statements dispatched to Eligible Shareholders receiving New Shares under the Entitlement Offer	28 August 2013
Deferred settlement trading ends (if securities were trading)	28 August 2013
Reinstatement of trading of all Shares (including New Shares) on ASX	29 August 2013
Completion of the Shortfall Offer (if required)	20 November 2013

All dates (other than the dates of announcement and lodgement of the Prospectus with ASX and ASIC) are indicative only.

Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date of the Entitlement Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares under the Entitlement Offer and the Shortfall Offer.

Red 5 reserves the right not to proceed with the Entitlements Offer at any time before the issue of the New Shares. If the Entitlements Offer does not proceed, Red 5 will return all Application Monies, without interest, as soon as practicable after giving notice of its withdrawal.

Risks

An investment in Shares is subject to risks and uncertainties and should be considered speculative in nature. Investors should be aware that they may lose some or all of the value of their investment. Some of the more significant risks which may affect an investment in Red 5 are:

1.1 Risks related to Red 5 and its operations include:

- (a) adequacy of funding and additional requirements for capital including issues associated with debt funding and loan arrangements with Red 5's senior lender (**Senior Lender**). In the event of default by Greenstone, the Senior Lender may enforce its rights under the Prepaid Swap Facility which may force Red 5 to consider whether it is able to continue as a going concern;
- (b) uncertainty regarding recommencement of trading of Red 5 Shares on ASX;
- (c) share price fluctuations and changes in the gold price and exchange rates;
- (d) general operating risks such as those associated with changes in production and capital costs and availability, cost of mining equipment and skilled labour and reliance on key personnel;
- (e) uncertainty relating to mineral resource and ore reserve estimates;
- (f) risks associated with operations in the Philippines including sovereign and political risks;
- (g) risks associated with landholdings including conditions and renewal of licences and consents required from surface land holders;
- (h) environmental regulations and risks including issues associated with seeking and maintaining environmental approvals;
- (i) Australian Government policy and taxation risks; and
- (j) occupational health and safety, insurance and litigation risks.

1.2 Risks related to an investment in the New Shares include:

- For personal use only
- (a) dividends;
 - (b) liquidity and realisation risk;
 - (c) share market price risk; and
 - (d) dilution risk.

Section 6 contains further details of these and other risks associated with an investment in Red 5.

1. Chairman's letter

Dear Shareholders

It is normal for a Chairman's letter that accompanies an equity raise to indicate pleasure in the offering to shareholders of an opportunity to participate. In this instance, however, the offer is made in disappointing circumstances.

Our Siana gold mine, after an extended commissioning and ramp-up phase, was finally achieving and exceeding operational parameters in April 2013, when minor soil disturbance was noted at the toe of the tailings wall.

When the soil disturbance was discovered on 25 April 2013, management immediately ceased milling operations, implemented systems to remove freeboard water, and contacted the regulatory authorities in the Philippines (Mines and Geosciences Bureau and the Environmental Management Bureau) and the local Congressman, all within the first four hours.

Over the next 25 days, Red 5 constructed a 900 metre long, 3 metre high embankment 250 metres from the toe of the wall, diverted a 700 metre long, 20 metre wide section of a river, and took load off the wall – all precautionary actions. Here, I can say that I am pleased to advise that there has been no spill.

Geotechnical advice has however, dictated that the on-going use of the existing tailings dam is not a viable economic outcome. Similarly, use of the secondary tailings dam will also be constrained to an extent where its use is also precluded. No immediate sustainable solution is apparent and this places the Company in short term financial distress.

Costs associated with the construction of a new tailings dam are estimated to be in excess of \$14 million, whilst the cost of keeping the operation on care-and-maintenance is forecast at approaching \$1 million per month. With no revenue from operations, our facility with the Senior Lender is also deemed to be in default and the Company will be unable to meet the first principal and interest repayment on 2 August 2013.

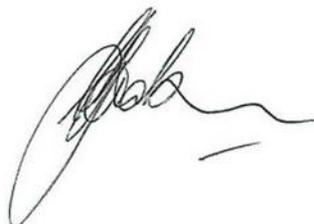
The Company therefore investigated various alternatives for a new tailings dam with an ideal site located within 2,000 metres of the processing plant. At the same time, Red 5 commenced investigating and testing a series of potential short-term solutions for handling tailings within the current mine licensed boundaries. This work culminated in an interim solution which comprises of an initial small-lined facility constructed downstream of the existing failed dam. This will then be followed by co-deposition of a thickened paste tailings product and mine waste with cement addition to the paste to provide a stable tailings/waste landform. These interim steps now allow the Company sufficient time to complete the construction of a new long-term tailings storage facility. This combination of deposition methods, described fully in the following pages, would potentially see the processing plant recommence operations by October 2013.

The entire mine site is currently on care and maintenance under a much reduced work force. The asset value of the business is being preserved, with on-going and improved pit dewatering activities a particular focus. In parallel a significant effort has been made to thoroughly evaluate all the various recapitalising and debt restructuring options and ensuring all vested parties are kept abreast of progress to ensure the most appropriate path forward is chosen.

The Board acknowledges the tremendous efforts of management over the last ten weeks in stabilizing the tailings dam, placing the site on care and maintenance, achieving standstills with various suppliers and the senior lender, supervising metallurgical test work and engineering design, hosting numerous due diligence site visits and engaging with interested parties.

Notwithstanding the progress made, the Company has elected to approach shareholders to participate in a non-renounceable rights issue to raise up to \$47,420,802 which would allow Red 5 to partially repay the Prepaid Swap Facility and construct a new tailings dam and pursue a lined storage pond and thickener/filtration tailings deposition solution. The Company does so with the knowledge that the

original gold resource has barely been exploited, the mine and mine fleet were operating at up to 30% above forecast material movement rates just prior and immediately post the tailings dam compromise, the process plant achieved nameplate design throughput prior to the cessation of milling operations, and, on recommencement will have a significant stockpile of ore for immediate processing.



Colin G Jackson
Chairman

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2. Red 5 and its operations

2.1 The Siana Project

The Siana project is located on the Southern Philippine island of Mindinao and covers an area of approximately 39 square kilometres in the established gold mining province of Surigao del Norte. The Siana project comprises an initial open pit operation followed by an underground mine. Ore is treated through a conventional modern gravity and carbon-in-leach plant to produce gold-silver doré.

Dry commissioning commenced in December 2011 and the first clean gold-silver doré bar was poured on 3 February 2012.

2.2 Suspension of mining activities at the Siana gold mine

Red 5 halted milling activities at the Siana mine at midday on Thursday, 25 April 2013 immediately following detection by site management of minor subsidence appearing in the surface foundation of the tailings storage facility. There was no tailings dam spill and no environmental damage. The suspension of milling operations was a precautionary measure to enable an investigation of the extent and causes of the ground movement.

Red 5 requested a trading halt of its Shares on ASX prior to the commencement of trading on the next business day, to enable a geotechnical investigation and assessment of the ground movement on the tailings dam wall.

Representatives of the engineering group which designed the tailing storage facility were immediately mobilised to site to investigate the causes of the ground movement and to report on the work required to stabilise the tailings dam wall.

In addition, Red 5 commissioned a second engineering group to conduct a separate and independent assessment. Red 5's lenders also appointed its own geotechnical engineering group to investigate and report on the ground movement and status of the tailings storage facility.

Red 5 requested a voluntary suspension of its Shares on 30 April 2013 to allow the geotechnical studies to be completed and to enable Red 5 to assess its financial position, consult with its lenders and to develop a technical and financial plan to restore tailing storage capacity at the Siana mine which would allow the re-commencement of mining and milling operations.

2.3 Works undertaken following suspension of mining activities

Minor soil disturbance at the crest of the operating tailings dam wall was noted during the normal daily inspection routine on 25 April 2013. The following actions were taken over the ensuing four hours:

- (a) the process plant milling operation was suspended;
- (b) pumping was undertaken to remove supernatant water from the tailings dam;
- (c) underflow drains were opened fully;
- (d) Philippine regulatory authorities (Mines and Geosciences Bureau (**MGB**) and the Environmental Management Bureau) were advised at a senior level;
- (e) the regional Congressman was advised;
- (f) discussions were held with GHD Engineering, the engineering firm which designed the tailings storage facility; and

(g) the Company's Senior Lender was advised.

Over the next 5 days, the minor soil disturbance developed into a series of parallel cracks over approximately 200 metres. During this period the following actions were taken:

- (a) Three geotechnical experts were mobilised to site, comprising:
 - (1) GHD Engineering, the tailings dam designers;
 - (2) Knight Piésold to represent the Company; and
 - (3) Golder Associates to represent the Senior Lender;
- (b) Management plans were developed to mitigate potential damage to the environment.

Over the next 20 days, the following actions were taken:

- (a) material was placed in front of the compromised tailings wall to form a buttress;
- (b) material was taken off the wall to reduce the load and the wall slope was adjusted to a shallower angle;
- (c) a 900 metre long, 3 metre high containment bund was constructed approximately 250 metres from the toe of the wall;
- (d) land not already owned within the containment area of 10 hectares was purchased;
- (e) a 240 metre long, 20 metre wide diversion of the Magpayang river was excavated and opened;
- (f) 700 metres of the original river course was backfilled; and
- (g) an insurance loss assessor was brought to site.

In total, 177,000 bank cubic metres of material was moved, placed or excavated, and land was purchased and geotechnical advice was sought. The cost of all remedial works to date is approximately US\$3 million.

In summary, actions were taken to mitigate against any possible failure of the wall and were complete within 25 days from the initial observation of the soil disturbance. For clarity, no spill or environmental damage has occurred.

2.4 Results of geotechnical studies

The geotechnical advice received by Red 5 concluded that the tailings dam wall had been compromised and rectification to re-instate the facility to operational status was not recommended.

The three geotechnical engineering groups each individually concluded that there is an unquantifiable risk in returning the damaged tailings dam to operating status. In addition, any modifications to the design of the dam would limit the capacity of future tailings storage and would therefore not represent an economic solution.

Initial site activity comprised mitigation measures as recommended by the geotechnical consultants to minimise any potential spill. This included unloading the dam wall at the point where subsidence had occurred and the building of a containment bund wall and river diversion and back-filling of the original water course. The land contained within the bund is predominantly rice paddies and is owned by Red 5.

The geotechnical consultants also reviewed the opportunity to utilise, on a temporary basis, the secondary tailings dam which was being decommissioned in favour of establishing an expanded stockpile facility. Whilst technically feasible, the modified engineering parameters proposed would lead to a limited tailings storage capacity only.

In the long-term, Red 5 is therefore focussed on the construction of a new tailings dam.

2.5 New tailings dam and required works

The three geotechnical experts mobilised to site concluded that the opportunity to re-establish the tailings dam to operational status was problematic. In particular, new and more conservative design criteria would drastically restrict the remaining storage capacity to a point where this was not economically viable. Red 5 is now proceeding with the closure plan, including topping with waste and soil.

The more conservative design criteria, when applied to the secondary tailings dam (currently used as a water polishing pond, and, which was being partially decommissioned in favour of the establishment of an extended ore storage facility) also rendered its use, even in an interim capacity, as uneconomic.

(a) New tailings dam

The focus therefore turned to the establishment of a new larger and more permanent facility. The location, which is approximately 800 metres from the pit and 2,000 metres pumping distance from the plant, had already been chosen as part of long term planning.

The topography is ideal and economical from a tailings storage perspective being a V-shaped valley, with a high storage to low wall embankment volume ratio. This location was not selected as the initial storage facility as the land is not owned by Red 5. It is currently utilised for rice growing and coconut harvesting.

The location also provides opportunities for staged construction up to 25 million tonne capacity. The current focus is on a 3 million tonne starter facility. This would entail:

- (1) a dam wall height of 22 metres;
- (2) an embankment length of 680 metres;
- (3) an earthworks volume of 380,000 cubic metres; and
- (4) an inundation area of 34 hectares.

If this were to ultimately be expanded to 25 million tonne capacity, the dam wall height would increase to 50 metres, the embankment length to 1,030 metres, the earthworks volume to 2.7 million cubic metres and an inundation area of 128 hectares.

The above guidance is based on 1:50,000 topography and a site inspection which identified typical rice paddy soil coverage to 2 to 3 metres and some rocky outcrops in the valley side slopes within the lower 20 metres of the valley floor.

Knight Piésold was appointed in May 2013 to provide a definitive engineering design and cost estimate to include, foundation clearing, grouting and cementing; embankment construction; spillway construction; tailings delivery, decant and water return system; and instrumentation and monitoring.

Knight Piésold will need to obtain approvals and carry out geotechnical investigations including test pitting, geotechnical drilling and packer testing to determine foundation

conditions. Concurrently, Red 5 will need to carry out environmental baseline monitoring of upstream and downstream ground water and surface water.

Once completed, the actual construction time would be approximately 3 months.

However, the time to commence construction depends on a number of factors outside the control of Red 5. These include:

- (1) land acquisition;
- (2) permitting, including possible rice land conversion permits;
- (3) the wet season, during which time no construction activity is contemplated; and
- (4) potential housing relocation.

Technical studies are underway for the design and construction of a new tailing storage facility with initial capital cost estimates in excess of \$14.4 million (which includes land acquisition and relocation costs). Initial design, permitting and implementation work on the new tailings storage facility has commenced and based on the raising of sufficient funds as contemplated under this Prospectus, construction is expected to commence around February 2014. The expected availability of the new tailings storage facility is dependent on the successful completion of land acquisition requirements, environmental and other permitting approvals and weather conditions during the construction phase.

(b) Alternative tailings storage solutions

The timing and financial outcome based on a scenario which is totally dependent on building a new tailings dam is sufficiently uncertain. An investigation to find an alternative solution to enable production to commence as soon as possible was undertaken.

Red 5 reviewed various alternative technical solutions to minimise the timing and cost risks associated with the requirement to purchase land outside the Red 5 owned footprint.

A solution under consideration utilises the land acquired as part of the mitigation steps post tailings dam failure, downstream of the facility

A High Density Poly Ethylene (**HDPE**) lined dam of modest capacity would be established on the 10 hectare area within the recently established bund containment area. Whilst this area is already essentially level and has a solid foundation, further earthworks would be necessary prior to the installation of a HDPE liner which would provide up to 4 months' worth of tailings storage. The embankments to be constructed from mine waste would be limited to 10m in height. Given the proposed HDPE lining of the facility, any saturation effects on the embankments would be negated. Standard features such as a decant tower and a spill way, as is consistent with most tailings storage facilities, would be incorporated into the design. Test work to determine whether the ultimate stability of the facility would be enhanced by the addition of cement is being currently tested.

The HDPE lined dam facility option would realistically be able to be implemented within 2 months and allow for a maximum 4 month life allowing the necessary time to complete the final design and construction of a thickener and filter plant and commissioning. In some respects, this would be bringing forward a plant modification and capital expenditure that would be required as part of the transition from open pit to underground. The product would be a de-watered tailings, with a consistency of tooth paste, that may be co-mingled with normal waste deposition. A small percentage of

cement, sourced from a local manufacturer, may be added as a hardening agent to improve stability.

The inclusion of a thickener and filter would have an immediate benefit, with the recovery of residual reagents, particularly cyanide, recycled into the process. Under the current operating environment, residual reagents are destroyed in the tailings detoxification plant.

GR Engineering is completing a design based on test work completed during the bankable feasibility study and recent work conducted by Outotec.

The concept of co-mingling or co-disposal of tailings and waste is not new. Mine operations around the world where space is at a premium such as at Siana, have used this method successfully.

Co-disposal can be achieved in various forms, including:

- (1) where separate cells are set up within the waste dump footprint with tailings deposited in the holding cells and progressively capped with new cells stacked on top (in this case the tailings are encapsulated rather than capped);
- (2) where mixing takes place between the waste rock and the tailings either by layering tailings and waste rock, introducing tails at the waste tipping point or tipping rock into a pool of tailings, with the aim being for the voids within the waste dump to be occupied by the much finer tailings product; and
- (3) where active mixing of mine waste and tailings is done prior to deposition, i.e. mechanical mixing is carried out to ensure complete blending prior to deposition.

There are also benefits from co-disposal. The inclusion of mine waste in a tailings disposal application adds to the overall stability of the mass which is particularly relevant for the Siana site being in a seismically active area.

A single waste rock dump/tailings disposal facility also simplifies water management, monitoring and closure by virtue of their integration. The proposal has the additional benefit of reducing waste haulage – both distance and elevation. The proposed co-disposal foot print would integrate the failed tailings storage facility (TSF4), the short term lined tailings storage facility and the TSF3 facility currently being used as a decant pond. A much larger footprint in close proximity to the pit

Red 5 believes the lined dam facility and co-deposition concepts will not require special permitting as all aspects of these activities will remain within the Siana MPSA on land identified to be used for the project.

The available deposition capacity for co-deposition of tailings is determined to be 1.5 to 2.0 million tonnes. Thus, from the time of securing funding, the reliance on a new dedicated valley tailings dam may be deferred for 2 years.

(c) Summary

Red 5 has determined that the design and construction of a new tailings storage facility with capacity of up to 25 million tonnes provides the most technically viable long-term tailings storage solution for the Siana mine. Although this would result in a delayed recommencement of mining and milling operations at the Siana project, this is a proven tailings storage method which provides the most favorable operational outcome and lowest technological risk.

The utilisation of a small lined tailings facility, followed by thickening and filtering within 4 months, results in an earlier recommencement of operations and, at a lower capital cost, when compared with the land purchases, tailings dam construction route and resultant standing costs in the interim period for the ultimate tailings storage solution. .

2.6 Effect on current operations

As any new tailings storage facility will take time to design, permit and construct, Red 5 has suspended milling operations. Mining activities, including the dewatering of the pit and drilling of de-watering bore holes, are continuing in the interim. The number of operating staff at the Siana operations has been reduced to approximately 125 personnel, which is the interim minimum number required to continue with dewatering operations, plant maintenance and security patrolling. Further technical staff may need to be engaged when the design and construction of the new tailings storage facility commences.

2.7 Banking and loan facility requirements

(a) Prepaid Swap Facility

Red 5 announced on 31 December 2012 that its Philippine subsidiary, Greenstone Resources Corporation (**Greenstone**) and the Senior Lender had entered into a 3 year prepaid swap facility agreement (**Facility Agreement**) whereby the Senior Lender advanced US\$25 million to Greenstone against the sale of future gold production (**Prepaid Swap Facility**).

The Facility is repayable in monthly instalments over 30 months commencing 7 months after draw-down. The first principal repayment of US\$833,333 plus accrued interest from 28 December 2012 to 31 July 2013 of US\$1,150,552 is payable on the settlement date of 2 August 2013.

After mining activities and production at Siana ceased on 25 April 2013, the Senior Lender issued Greenstone with a breach notice under the Facility Agreement. Further, on 3 July 2013, the Senior Lender notified Greenstone that an event of default had occurred in relation to a failure to comply with a minimum financial ratio under the Facility Agreement. As at the date of this Prospectus, the Senior Lender has reserved its rights.

(b) Hedge and Retention Funds

As one of the conditions relating to the Prepaid Swap Facility, Greenstone was required to enter into a structured gold hedge facility covering 40,000 ounces of gold. The structure of the hedge is based on the delivery of 1,333 ounces of gold per month over 30 months commencing from the end of July 2013. Greenstone entered into a zero cost collar where gold calls were sold for US\$1,689 per ounce (**Call**) and gold puts were purchased for US\$1,350 per ounce (**Put**).

If the gold price at the end of each month is between the Call strike price and the Put strike price, the option lapses with no cost to Red 5. If the price of gold is greater than the Call strike price at the end of each month, Red 5 will pay the Senior Lender the difference in price for the number of ounces to be delivered. If the gold price is below the Put strike price at the end of each period, the Senior Lender will pay Red 5 the difference in price for the number of ounces to be delivered. As at 28 June 2013, the net hedge valuations were estimated at US\$6.9 million in favour of Red 5 (**Hedge**).

In addition to the Hedge, it was also a condition of the Prepaid Swap Facility that US\$5 million be transferred to a retention account to be held by the Senior Lender (**Retention Funds**).

(c) Standstill

Red 5 has been in discussions with its Senior Lender regarding the repayment of the Prepaid Swap Facility. Pursuant to an unconditional, binding deed between Red 5, Greenstone, the Senior Lender and other Red 5 subsidiaries dated 17 July 2013, the Senior Lender has agreed that until and including 15 September 2013, it will not:

- (1) call on the Prepaid Swap Facility;
- (2) enforce payment of the Prepaid Swap Facility under the Facility Agreement; and
- (3) seek any of the remedies available to it for non-payment of any amounts owing under the Facility Agreement,

(Standstill).

(d) Repayment

On completion of the Entitlements Offer, the Senior Lender will receive a lump sum payment of US\$15 million plus outstanding accumulated interest, which together with the Retention Funds and the funds owed to Greenstone from closing out the Hedge, will likely satisfy the Prepaid Swap Facility in full. Upon the Prepaid Swap Facility being satisfied in full, any previous default under the Facility Agreement is deemed cured. Refer to Section 3.4 for further details on the use of funds raised under the Entitlements Offer.

Shareholders should be aware that if the Minimum Subscription is not raised under the Entitlements Offer, Greenstone does not currently have the cash reserves available to repay the Prepaid Swap Facility and the Senior Lender may seek to enforce its rights. In such circumstances, Greenstone and potentially Red 5 may not be able to continue as a going concern.

2.8 Standstill arrangements

(a) Delta Earthmoving Inc.

On 27 June 2013, Greenstone entered into an agreement with Delta Earthmoving Inc. (**Delta**) with respect to outstanding accounts owed by Greenstone to Delta under various supply contracts associated with the Siana mine.

Delta has agreed to standstill on the outstanding accounts until 27 October 2013 (**Delta Account**).

Red 5 proposes to satisfy the Delta Account on completion of the Entitlements Offer. The Delta Account is included as a current liability in the use of funds table at Section 3.4.

(b) Galeo Equipment & Mining Co.

On 27 June 2013, Greenstone entered into an agreement with Galeo Equipment & Mining Co. (**Galeo**) with respect to outstanding accounts owed by Greenstone to Galeo for the provision of mining equipment to the Siana mine.

Galeo has agreed to standstill on the outstanding accounts until 27 October 2013 (**Galeo Account**).

Red 5 proposes to satisfy the Galeo Account on completion of the Entitlements Offer. The Galeo Account is included as a current liability in the use of funds table at Section 3.4.

(c) Senior Lender

Refer to Section 2.7(c) for further details of the standstill arrangement with the Senior Lender.

2.9 Insurance claim

Red 5 has insurance coverage with respect to the Siana mine and is of the view it has reasonable grounds for a claim under its property damage and business interruption policy. This policy has a combined liability limit of US\$10 million.

Red 5 brought loss adjusters to site within a week of the tailings dam incident and has now had the claim with its insurers for some weeks. A determination of liability by the insurer is pending.

There is no guarantee that Red 5 will receive a favourable judgement on the insurance claim on the full amount of the claim, if at all. In the event a favourable judgement is received before the close of the Entitlements Offer, the Senior Lender is currently the loss payee and any amounts received by the Senior Lender will be off-set against the Prepaid Swap Facility. If Red 5 receives an insurance pay-out after the satisfaction of the Facility, any amount received will be applied towards working capital.

2.10 Recommencement of trading on ASX

At the request of the Company, ASX placed the Company's securities in a trading halt on 26 April 2013 and subsequently a voluntary suspension on 30 April 2013. The Company's securities have remained in voluntary suspension since this date.

The Board has resolved to maintain the current voluntary suspension from trading in the Company's securities in place, while it seeks to successfully complete the Entitlements Offer and balance sheet re-structuring. It is expected that trading in Red 5 securities will recommence shortly after the close of the Entitlements Offer.

2.11 Corporate opportunities

Notwithstanding the course of action that Red 5 is proposing to take as a result of the Entitlements Offer in order to return the Siana mine back into production, the Board will evaluate alternative investment and corporate opportunities with third parties. If a viable opportunity is identified, the Board may elect to pursue such opportunity by way of a merger, acquisition, alternate debt financing, joint-venture or earn-in arrangement which may involve the payment, or receipt, of consideration in cash, equity or a combination of both. Although discussions with third parties may take place, there is no guarantee that the Board will be able to finalise any proposal on terms that are favourable or commercially viable for Red 5.

3. Investment summary

The information set out in this Section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

3.1 The Entitlement Offer

The Entitlement Offer under this Prospectus is a non-renounceable pro rata entitlements offer to Eligible Shareholders on the basis of 1 New Share for every 1 Share held at the Record Date at an issue price of 35 cents each per New Share to raise up to \$47,420,802 (before associated costs).

The Entitlement Offer is available to Eligible Shareholders only. Unless Red 5 determines otherwise, Eligible Shareholders are Shareholders who hold Shares in Red 5 at the Record Date and whose registered address is in Australia or New Zealand only.

Red 5 intends to apply for listing of the New Shares on ASX as soon as practicable following their allotment. Each New Share will rank equally with all existing Shares then on issue.

Further details of the Entitlement Offer are set out in Section 4.

3.2 Acceptance of Entitlement to New Shares

The number of New Shares to which each Eligible Shareholder is entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. Fractional entitlements will be rounded up.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus or by using BPAY in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form. A summary of the action required to be taken by Shareholders is set out in Section 8.

Red 5 will accept Entitlement and Acceptance Forms and subscription monies for shareholders applying for their Entitlement from the Record Date until 5.00pm (Perth time) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

Please read this document carefully before you make a decision to apply for New Shares. An investment in Red 5 has specific risks which you should consider before making a decision to apply for New Shares. A summary of risk factors affecting Red 5 is set out in Section 6.

3.3 Shortfall Offer

In the event that not all Eligible Shareholders accept their full Entitlement pursuant to the Entitlement Offer, the Directors reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to allocate any Shortfall at their discretion so as to ensure the maximum amount of funds are raised.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and, pursuant to the Listing Rules, may remain open for a period of up to 3 months after the Closing Date (or such shorter period as determined by the Directors). Should any Shortfall exist, the Directors intend to complete the placement of any Shortfall as soon as possible and in any event, no later than 20 November 2013 (subject to an extension of the Closing Date).

In the first instance, the Directors currently intend that Shortfall Shares will reasonably be allocated to any Eligible Shareholder who applies for Shortfall under the Shortfall Offer. Additional Shortfall Shares will then be allocated to other interested investors at the discretion of the Directors.

Each Eligible Shareholder may apply for Additional Shares under the Shortfall Offer, at an issue price of 35 cents each per New Share. Applications for Additional Shares may be made in the separate section of the Entitlement and Acceptance Form which is attached to this Prospectus or by using BPAY in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form. A summary of the action required to be taken by Shareholders is set out in Section 8.

Red 5 may reject any application for Additional Shares or allocate fewer Additional Shares than applied for by subscribers for Additional Shares. The ability for Red 5 to issue Additional Shares is dependent upon the extent of any Shortfall that is available.

Further information in relation to the Shortfall Offer is set out in Section 4.6 and Section 4.7.

3.4 Purpose of the Entitlements Offer and use of funds

If the Entitlement Offer is fully subscribed (without any Existing Options being exercised prior to the Record Date), Red 5 will raise up to \$47,420,802 (before associated costs).

The Company intends to use the funds raised under the Entitlements Offer for the construction of a new short term HDPE lined tailings pond to enable the mine operation which is currently on care-and-maintenance to recommence production. In addition, the Company intends to pay out the prepaid swap facility, repay outstanding creditors that have deferred invoices, continue with the in-pit dewatering initiatives, construct a paste fill plant and commence works associated with the long term tailings storage facility.

It is proposed that the funds raised under the Entitlements Offer be allocated, upon successful completion of the Entitlements Offer, in the following manner:

Proposed Use of Funds	A\$ (Minimum Subscription)	A\$ (Full Subscription)
Tailings storage facility land acquisition (i)	1,000,000	4,000,000
Design and permitting of tailings storage facility	1,297,000	1,297,000
Thicken/Filtration paste plant procurement and installation (ii)	5,000,000	6,400,000
HDPE lined tailings storage pond facility	1,700,000	1,700,000
De-watering and other sustaining capital (iii)	1,100,000	2,400,000
Current liabilities	6,000,000	6,000,000
Partial repayment of the Prepaid Swap Facility	16,400,000	16,400,000
Costs associated with the Entitlements Offer (iv)	2,006,000	2,644,000
Working capital	497,000	6,579,802
Total	\$35,000,000	\$47,420,802

- (i) *Varying levels of subscription amounts for the land acquisition reflect either total land area purchase or partial purchase and securing options to purchase the remaining land.*
- (ii) *Thickening and filtration paste plant procurement will be partially paid for from operating cash flows if only the Minimum Subscription amount is received.*
- (iii) *Dewatering and sustaining capital reflect those improvements able to be made given secured funding. In the event the Minimum Subscription is secured, capital improvements that would ideally be completed as part of this process may be deferred and completed out of production cash flows.*
- (iv) *This figure includes an allowance for amounts that may be payable as broker or advisor fees in placing any Shortfall (refer to Section 5.2).*

Dependent on the outcome of technical evaluations of the short term HDPE lined pond and thickener/filtration tailings storage solutions, design and permitting issues related to the construction of the long term tailings storage facility, prevailing market conditions, development of new opportunities or any number of other factors outside the control of Red 5 (including the risk factors set out in Section 6), actual expenditure levels may differ from the above estimates. Red 5 will provide details of its actual expenditure in its periodic reports and as otherwise required by the Listing Rules.

Further details on Red 5's operations and the effect of the Entitlements Offer on Red 5 is set out in Section 3 and Section 5.

4. Details of the Entitlements Offer

4.1 Entitlement Offer to Eligible Shareholders

The Directors of Red 5 have approved a non-renounceable pro rata entitlements offer to Eligible Shareholders at an issue price of 35 cents each per New Share to raise up to \$47,420,802 (before associated costs).

Shareholders of Red 5 are entitled to subscribe for 1 New Share for every 1 Share held on the Record Date. Only those Shareholders shown on the share register at 5.00 pm (Perth time) on the Record Date will be entitled to participate in the Entitlement Offer.

When fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

4.2 Existing Option holders

Holders of Existing Options will not be entitled to participate in the Entitlement Offer unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and exercise their Existing Options prior to the Record Date; and
- (b) participate in the Entitlement Offer as a result of being a holder of Shares registered on the share register at 5.00 pm (Perth time) on the Record Date.

If all Existing Option holders elect to exercise their Existing Options prior to the Record Date, a further 220,000 New Shares may be issued under this Prospectus.

4.3 Important dates for Entitlement Offer

Item	Date
Record Date for the Entitlement Offer	30 July 2013 at 5.00 pm (Perth time)
Opening Date of Entitlement Offer	6 August 2013 at 9:00 am (Perth time)
Closing Date of Entitlement Offer	20 August 2013 at 5:00 pm (Perth time)
Expected date of despatch of holding statements for New Shares	28 August 2013
Completion of the Shortfall Offer (if required)	20 November 2013

**The dates set out in this table are subject to change and are indicative only. Red 5 reserves the right to alter this timetable at any time.*

4.4 Underwriting

The Entitlements Offer is not underwritten.

Red 5 will consider underwriting or firm investment allocation possibilities if and when an opportunity to enter into a mandate on acceptable terms presents itself. Such opportunity may require the preparation of a supplementary or replacement prospectus.

4.5 How to accept your Entitlement

The number of New Shares to which Eligible Shareholders are entitled is detailed in the personalised Entitlement and Acceptance Form which accompanies this Prospectus.

If Shareholders take no action in respect of their Entitlement, they will have no right to subscribe for the New Shares pursuant to the Entitlement Offer.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out in Section 8 and on the Entitlement and Acceptance Form, together with payment in full for the number of New Shares subscribed for, so as to reach the Share Registry by no later than 5.00 pm (Perth time) on the Closing Date.

Completed Forms and accompanying Application Monies should be lodged at or forwarded to the following address:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shareholders may also accept their Entitlement in full or in part using BPAY or Cheque as set out in section 8.

No brokerage or stamp duty is payable by Eligible Shareholders in respect of their applications for New Shares under the Entitlement Offer. The amount payable on acceptance will not vary during the period of the Entitlement Offer and no further amount is payable on allotment.

4.6 **Applications for Additional Shares by Eligible Shareholders**

Oversubscriptions of Entitlements will not be accepted, however Eligible Shareholders may apply for Additional Shares, above their Entitlement, at a subscription price of 35 cents each per New Share.

Applications for Additional Shares must be made by completing and returning the separate section in the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out in Section 8 and on the Entitlement and Acceptance Form, together with payment in full for the number of New Shares subscribed for or by using BPAY.

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Eligible Shareholders may apply for any number of Shortfall Shares, regardless of the size of their present holding. While there is no restriction on an Eligible Shareholder applying for Shortfall Shares, the Directors will exercise their discretion in determining allocations.

It is possible that there will be few or no Shortfall Shares available for issue to Eligible Shareholders. It is an express term of the Shortfall Offer that persons applying for Additional Shares are bound to accept a lesser number of Additional Shares allotted to them than that applied for and shall be bound to accept a refund of any monies paid in respect of the number of Additional Shares that may have been applied for, but not allotted. No interest will be paid on any monies refunded in these circumstances.

The Directors reserve the right to allocate any New Shares available under the Shortfall Offer to subscribers for Additional Shares at their absolute discretion.

However, no person will be allotted Additional Shares by the Directors such that they would, by virtue of the allotment of such Shares, acquire a relevant interest in voting Shares exceeding 20% or increase their relevant interest in voting shares from a starting point above 20%.

4.7 **Placement of Shortfall following satisfaction of Applications by Eligible Shareholders**

In the event that there are Shortfall Shares remaining after allocation of New Shares to Eligible Shareholders applying for Additional Shares pursuant to Section 4.6, the Directors reserve the right, as contemplated by the Listing Rules, to allocate any Shortfall Shares in their absolute discretion within 3 months of the close of the Entitlement Offer so as to ensure the maximum amount of funds are raised.

Notwithstanding that the allocation of the remaining Shortfall Shares is at the Director's absolute discretion, no person will be allotted Shortfall Shares by the Directors such that they would, by virtue of the allotment of such Shares, acquire a relevant interest in voting Shares exceeding 20% or increase their relevant interest in voting shares from a starting point above 20%.

4.8 **Applicants outside Australia and New Zealand**

Red 5 is of the view that it is unreasonable to extend the Entitlement Offer to Shareholders outside of Australia or New Zealand having regard to:

- (a) the number of Ineligible Shareholders in each place where the Entitlement Offer would be made;
- (b) the number and value of the New Shares which would be offered to Ineligible Shareholders; and
- (c) the cost of complying with the legal requirements and the requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, Red 5 is making the Entitlement Offer to Eligible Shareholders with a registered address in Australia and New Zealand only. Where this Prospectus has been sent to Shareholders with registered addresses outside Australia or New Zealand who are not entitled to participate in the Entitlement Offer, it is sent to them for information purposes only.

No action has been taken to register any offer or otherwise permit a public offering of securities outside Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of or invitation to subscribe for securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Notwithstanding that the Company is currently listed on the OTCQX under ticker code RDFLY, the Entitlements Offer and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States, and may not be offered or sold in the United States or to or for the account or benefit of any U.S. Persons, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States state securities laws.

By lodging a completed Entitlement and Acceptance Form an investor is taken to have warranted that it is able to participate in the relevant Offer without breach of the law and related matters in their respective jurisdiction. Red 5 reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by an Ineligible Shareholder or person not entitled to receive an offer or invitation.

Notwithstanding the above, Red 5 may (in its absolute discretion) extend the Entitlement Offer to certain institutional Shareholders and other parties who have registered addresses outside Australia and New Zealand (but not in the United States) in accordance with applicable law.

4.9 **Nominees and Custodians**

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. Accordingly only nominees and custodians with registered addresses in Australia or New Zealand (or who contact Red 5 and can demonstrate to the satisfaction of Red 5 that their participation in the Entitlement Offer would not breach the securities laws in their jurisdiction) will be entitled to participate.

With respect to the underlying beneficial holders of nominees and custodians, they may participate except to the extent that those underlying holders are in the United States or are US Persons (as defined in the U.S. Securities Act) or otherwise not eligible or permitted under any applicable securities laws to receive the Entitlement Offer.

Red 5 takes no responsibility for advising on the securities laws of any jurisdiction, or the legality of providing the Entitlements Offer to any person for whom nominees and custodians may hold shares in Red 5 beneficially or those persons acquiring a beneficial interest in New Shares as a result of the Entitlements Offer. Nominees and custodians will need to assess whether the participation (whether direct or indirect) of a beneficiary is compatible with applicable foreign laws.

4.10 **Investment risks**

Investors should carefully read the risk factors outlined in Section 6. An investment of this kind involves a number of risks and Applicants should read this Prospectus in its entirety, consider all factors in light of their individual circumstances and should seek appropriate professional advice before submitting an Entitlement and Application Form.

An investment in Shares should be considered speculative in nature and investors should be aware that they may lose some or all of the value of their investment.

4.11 **Monies to be held in trust**

Acceptance Monies received by Red 5 under this Prospectus will be held in a separate bank account on behalf of the Applicants until the New Shares are allotted or the monies are refunded to the Applicants.

Any interest earned on the Acceptance Monies will be retained by Red 5 irrespective of whether allotment takes place.

4.12 **Allotment and allocation policy**

Red 5 will proceed to allocate New Shares to be issued under the Entitlement Offer as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus (provided that the Minimum Subscription is reached), the Directors reserve the right to deal with any Shortfall in accordance with Section 4.6 and Section 4.7.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be

allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

4.13 **Quotation of New Shares**

Within 7 days after the date of issue of the Prospectus, Red 5 intends to apply for the quotation of the New Shares on ASX. If granted, quotation of the New Shares will be eligible to commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

If Red 5 does not apply for quotation of the New Shares on ASX within 7 days after the date of this Prospectus or if the New Shares are not granted official quotation on ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all Acceptance Monies will be refunded without interest to Applicants in accordance with section 724 of the Corporations Act. No interest will be paid on any returned Acceptance Monies.

The fact that ASX may grant official quotation to the New Share is not to be taken in any way as an indication by ASX of the merits of Red 5, the Entitlements Offer or the New Shares.

4.14 **CHESS**

Red 5 operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up Red 5's register of members.

Red 5 will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be dispatched to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who hold their Shares on the CHESS sub-register) or by Red 5's Share Registry (for Shareholders who hold their Shares on the issuer sponsored sub-register).

The statements will set out the number of Shares issued to the Shareholder under the Prospectus and provide details of a Shareholder's Holder Identification Number (HIN) (for Shareholders who hold their Shares on the CHESS sub-register) or Shareholder Reference Number (for Shareholders who hold their Shares on the issuer sponsored sub-register).

Updated holding statements will also be sent to each Shareholder following the month in which the balance of their shareholding changes and at such other times as required by the Listing Rules and the Corporations Act.

4.15 **No rights trading**

Entitlements to New Shares are non-renounceable and accordingly will not be traded on ASX. You may not dispose of your Rights to subscribe for New Shares to another party. If you do not take up your Entitlement under the Entitlement Offer by the Closing Date, the Entitlement Offer to you will lapse.

4.16 **New Share terms and changes to capital structure**

Each New Share will rank equally with existing Shares on issue in Red 5. A summary of the terms and conditions of the Shares are set out in Section 7.4.

Red 5 has 135,488,008 Shares and 220,000 Existing Options on issue as at the date of this Prospectus. Assuming the Entitlements Offer is fully subscribed (and assuming no Existing Options are exercised prior to the Record Date) the total number of Shares on issue at the completion of the Entitlements Offer will be 270,976,016 Shares. Red 5 will, unless any Existing Options are exercised, continue to have 220,000 Existing Options on issue following completion of the Entitlements Offer. Further details of the effect of the Entitlements Offer on Red 5's capital structure are set out in Section 5.4.

4.17 **Minimum subscription**

The minimum subscription under the Entitlements Offer is \$35,000,000.

No New Shares will be allotted or issued until the Minimum Subscription has been achieved. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Acceptance Monies to Applicants (without interest) or issue a supplementary prospectus or a replacement prospectus and allow Applicants 1 month to withdraw their Application and be repaid their Acceptance Monies (without interest).

4.18 **Effect on control**

As at the date of this Prospectus, no existing Shareholder has a relevant interest in over 20% of the Shares on issue.

As a result of the Entitlements Offer, no Shareholder (including after the allocation of any Shortfall) will obtain a relevant interest in over 20% of the Shares on issue.

4.19 **Withdrawal of the Entitlements Offer**

Red 5 reserves the right not to proceed with the Entitlements Offer at any time before the issue of the New Shares. If the Entitlements Offer does not proceed, Red 5 will return all Application Monies, without interest, as soon as practicable after giving notice of its withdrawal.

4.20 **Privacy disclosure**

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to Red 5, either directly or through the Share Registry. Red 5 and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders and to carry out various administrative functions. Access to the information collected may be provided to Red 5's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the privacy laws. If the information requested is not supplied, applications for New Shares will not be processed. In accordance with privacy laws, information collected in relation to a specific Shareholder can be obtained by that Shareholder through contacting the Share Registry.

4.21 **Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in Shares. Taxation consequences will depend on particular circumstances. Neither Red 5 nor any of its officers accept any liability or responsibility in respect of the taxation consequences connected with an investment in Shares in Red 5.

4.22 **Not investment advice**

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus in full before deciding whether to take up your Entitlement or apply for Additional Shares and that you consider all of the risk factors that could affect the performance of the New Shares, including those set out in Section 6. You should carefully consider these risks and your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek independent professional advice from your stockbroker, accountant or other professional advisor before deciding whether to invest in New Shares.

4.23 **Electronic prospectus**

An electronic version of this Prospectus is available on the internet at www.red5limited.com.

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

The Entitlement and Acceptance Form may only be distributed attached to a complete and unaltered copy of the Prospectus. Red 5 will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While Red 5 believes that it is extremely unlikely that the electronic version of the Prospectus will be tampered with or altered in any way, Red 5 cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Red 5 or a financial adviser.

Red 5 will send a paper copy of the Prospectus or a further electronic copy of the Prospectus, for free, to a Shareholder upon request.

For personal use only

5. Effect of the Entitlements Offer on Red 5

5.1 Effect of the Entitlements Offer

Assuming full subscription, the principal effect of the Entitlements Offer on Red 5 will be:

- (a) to increase cash reserves by approximately \$44,776,802 (after deducting expenses associated with the Entitlements Offer assuming Full Subscription); and
- (b) to increase the number of Shares on issue from 135,488,008 at the date of this Prospectus to up to 270,976,016 (assuming Full Subscription of the Entitlements Offer is achieved and no Existing Options are exercised before the Record Date).

5.2 Expenses of the Entitlements Offer

The expenses which are payable by Red 5 in respect of preparing and distributing this Prospectus and in respect of the Entitlements Offer are estimated to be approximately as follows:

Expenses of the Entitlements Offer	\$ (Minimum Subscription)	\$ (Full Subscription)
ASIC fees	2,000	2,000
ASX quotation fees	34,000	41,000
Legal fees	150,000	150,000
Printing and despatch	45,000	45,000
Share registry	20,000	30,000
Broker and advisor fees*	1,750,000	2,371,000
Miscellaneous	5,000	5,000
Total	2,006,000	2,644,000

* The Entitlements Offer is not underwritten and there is no commitment for a broker or advisor fee to be payable. However, if a broker or advisor assists the Board with the placement of any Shortfall, the Board reserves its rights, in its sole discretion, to pay a fee of up to 5% of the amount raised. The amount shown for broker and advisor fees is based on the total amounts which may be raised under this Prospectus. It is likely that any broker or advisor fee will be significantly less than the total amounts shown (if any) and such funds (or a proportion thereof) will be applied towards working capital.

5.3 Financial position

Set out below is the Consolidated Statement of Financial Position of Red 5 as at 31 December 2012 (reviewed), and the Consolidated Pro-Forma Statement of Financial Position as at 31 May 2013 (unaudited) on the basis of the assumptions detailed further below. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based on is the reviewed financial report for the financial half-year end 31 December 2012.

The Pro-Forma Statement of Financial Position presented below illustrates two scenarios:

- (a) where the Entitlements Offer achieves Minimum Subscription; and
- (b) where the Entitlements Offer achieves Full Subscription.

	Reviewed 31 Dec 2012 A\$	Unaudited 31 May 2013 A\$	Minimum Subscription		Full Subscription	
			Effect of Offer A\$	31 May 2013 (Pro Forma) A\$	Effect of Offer A\$	31 May 2013 (Pro Forma) A\$
CURRENT ASSETS						
Cash assets	14,587,649	7,024,510(i)	32,994,000	40,018,510	44,776,802	51,801,312
Short term deposit	4,821,183	5,180,279	-	5,180,279	-	5,180,279
Receivables	4,264,194	5,997,711	-	5,997,711	-	5,997,711
Inventory	8,427,522	5,237,024	-	5,237,024	-	5,237,024
TOTAL CURRENT ASSETS	32,100,548	23,439,524	32,994,000	56,433,524	44,776,802	68,216,326
NON-CURRENT ASSETS						
Receivables	10,833,115	12,350,519	-	12,350,519	-	12,350,519
Property, plant and equipment	52,577,351	56,265,078	-	56,265,078	-	56,265,078
Mine, properties and development	83,345,164	93,608,584	-	93,608,584	-	93,608,584
TOTAL NON-CURRENT ASSETS	146,755,630	162,224,181	-	162,224,181	-	162,224,181
TOTAL ASSETS	178,856,178	185,663,705	32,994,000	218,657,705	44,776,802	230,440,507
CURRENT LIABILITIES						
Payables	10,435,101	4,739,992	-	4,739,992	-	4,739,992
Interest bearing liabilities	3,897,442	9,269,218	-	9,269,218	-	9,269,218
Current tax liabilities	-	-	-	-	-	-
Provisions	1,222,786	1,223,550	-	1,223,550	-	1,223,550
TOTAL CURRENT LIABILITIES	15,555,329	15,232,760	-	15,232,760	-	15,232,760
NON-CURRENT LIABILITIES						
Interest bearing liabilities	19,487,206	16,835,532	-	16,835,532	-	16,835,532
Provisions	1,337,266	1,395,422	-	1,395,422	-	1,395,422
TOTAL NON-CURRENT LIABILITIES	20,824,472	18,230,954	-	18,230,954	-	18,230,954
TOTAL LIABILITIES	36,379,801	33,463,714	-	33,463,714	-	33,463,714
NET ASSETS	142,476,377	152,199,991	32,994,000	185,193,991	44,776,802	196,976,793
EQUITY						
Contributed equity	177,124,726	177,124,726	32,994,000	210,118,726	44,776,802	221,901,528
Other equity and reserves	(251,930)	5,192,305	-	5,192,305	-	5,192,305
Retained profits / (losses)	(33,870,206)	(29,855,955)	-	(30,077,955)	-	(30,100,955)
Non-controlling interests	(526,213)	(261,085)	-	(261,085)	-	(261,085)
TOTAL EQUITY	142,476,377	152,199,991	32,994,000	185,193,991	44,776,802	196,976,793

(i) cash as at the date of this Prospectus is \$5.9M. The Balance Sheet above has not otherwise been adjusted to reflect this amount.

5.4 Capital structure

Red 5 may issue up to 135,488,008 New Shares under the Entitlements Offer.

Assuming that none of the Existing Options are exercised, the share capital structure of Red 5 immediately following the Entitlements Offer would be as follows:

	Shares on issue (Minimum Subscription)	Shares on issue (Full Subscription)
Shares on issue at the date of this Prospectus	135,488,008	135,488,008
Number of New Shares under Entitlement Offer	100,000,000	135,488,008
Total	235,488,008	270,976,016

As at the date of this Prospectus, Red 5 has the following Existing Options on issue:

Number of Options	Exercise Price	Expiry Date
70,000	\$2.50	30 April 2014
40,000	\$2.70	31 December 2014
70,000	\$4.00	30 April 2016
40,000	\$4.30	31 December 2016

These Existing Options will not be affected by the Entitlements Offer and may be exercised by the option holders in accordance with the terms of the Existing Options.

5.5 Effect on control

Section 606 of the Corporations Act restricts a person from acquiring a relevant interest in shares in a listed company if that person's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Item 10 of section 611 of the Corporations Act provides that an increase to a person's voting power which results from a person accepting an entitlement under a rights issue, is exempt from the prohibition set out in section 606 of the Corporations Act.

Eligible Shareholders who take up all of their Entitlement pursuant to the Entitlement Offer will not have their percentage shareholding in Red 5 diluted by reason of the Entitlement Offer.

If the Entitlement Offer is not fully subscribed and the Directors do not place the Shortfall in accordance with Section 4.6 and Section 4.7, an Eligible Shareholder who takes up all of their Entitlement may increase their percentage shareholding in Red 5.

Eligible Shareholders may apply for any number of Shortfall Shares, regardless of the size of their present holding, however, the Directors reserve the right to allocate any Shortfall of New Shares at their absolute discretion. The Directors have determined that no party will be allotted Shortfall Shares by the Directors such that they would, by virtue of the allotment of such Shares, acquire a relevant interest in voting Shares exceeding 20% or increase the relevant interest in voting shares from a starting point that is above 20%.

The percentage shareholding in Red 5 of Eligible Shareholders who do not take up all of their Entitlement pursuant to the Entitlement Offer and Shareholders who are not eligible to participate (being Ineligible Shareholders) will be diluted.

6. Risk factors

6.1 Investment is speculative

Potential investors should be aware that there are risks in subscribing for New Shares. Some of these risks relate generally to an investment in shares. Other risks are specifically associated with Red 5's business activities.

Before applying for New Shares, you should consider whether the New Shares are suitable securities for you to acquire, having regard to your own investment objectives and financial circumstances.

An investment in Red 5 is considered speculative and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus and disclosed to ASX, before deciding whether to apply for New Shares. Investors should be aware that they may lose some or all of the value of their investment.

The list of risk factors below ought not to be taken as a complete list of all the risks faced by Red 5 or by investors in Red 5. The listed factors, and others not specifically referred to below, may in the future materially affect the financial performance of Red 5 and the value of the New Shares offered under this Prospectus. The New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

6.2 Risks related to Red 5 and its operations

Exploration and development of minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

The operations of Red 5 in re-commissioning a gold mine may be affected by a range of factors including the failure to obtain all government approvals (to re-commence mining and milling operations), projected grades in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment. A selection of these risks are detailed below.

(a) Tailings storage facility

As set out in Section 2, Red 5 has suspended milling operations as a result of the failure of the existing tailings storage facility. On 6 June 2013, the MGB issued a Cease and Desist Order to the operator of the Siana mine, Greenstone. The Cease and Desist order will remain in place until Greenstone has completed remedial works on the compromised tailings dam. Should Greenstone fail to complete remedial works to the satisfaction of the MGB, the Cease and Desist order may not be lifted and this would prevent Greenstone from recommencing production activities.

The Company has identified a site for a new tailings dam facility and has commenced the process for the land acquisition and permitting. Any delays in acquiring the land from local surface land holders or in obtaining all relevant environmental and regulatory permits and approvals would result in a consequential delay in construction of the new tailings dam and the recommencement of mining operations. Any delay would also affect the Company's working capital funding requirements.

The construction of a HDPE lined storage pond and the construction of a thickener/filtration system as an interim tailings storage solution would enable the Company to restart production without having a new tailings dam constructed. However, there is a risk that there are delays in installation or that the lined storage

pond and thickener/filtration system do not operate as expected, resulting in reduced production or higher than expected operating costs.

(b) **Adequacy of funding and additional requirements for capital**

Red 5's capital requirements depend on numerous factors. Depending on Red 5's ability to generate revenue from its operations, and the final amount raised under the Entitlements Offer, Red 5 may require further financing in addition to amounts raised under the Entitlements Offer.

Red 5 will require sufficient working capital to meet any loan commitments and maintain existing operations at Siana on care and maintenance whilst design, permitting, land acquisition and construction of a new tailings storage facility are completed.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Red 5 is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. Any ongoing funding restrictions may also impact on the Company's ability to continue as a going concern.

(c) **Debt funding and loan arrangement**

The Company has entered into the Prepaid Swap Facility with the Senior Lender. Under the terms of the Prepaid Swap Facility, the Company must begin repayments from July 2013 and must meet certain financial ratios during the 30 month term. As set out in Section 2.7, the Senior Lender has agreed to the Standstill to allow Red 5 to raise sufficient funds under the Entitlements Offer to satisfy the Prepaid Swap Facility.

If the Minimum Subscription is not raised and the period of the Standstill expires, Greenstone (and subsequently Red 5) may fail to fulfil its repayment obligation or continue to not meet its required financial ratio obligations, then the Senior Lender may place Greenstone (and subsequently Red 5) in default under the Prepaid Swap Facility and have the right to take control of the Siana gold project and related assets held by Greenstone. In such circumstances, there is a risk that Red 5 may not be able to continue as a going concern.

(d) **Resumption of trading on ASX**

Red 5 requested a voluntary suspension of trading of its Shares on 30 April 2013 and, at the date of this Prospectus, its Shares remain in suspension on ASX.

The Board has resolved to maintain the current voluntary suspension from trading in the Company's securities in place, while it seeks to successfully complete the Entitlements Offer and balance sheet re-structuring. It is expected that trading in Red 5 securities will recommence shortly after the close of the Entitlements Offer.

(e) **Share price fluctuations**

Once Red 5's Shares recommence trading on the ASX, the market price of Red 5's Shares will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of Red 5. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices including gold. If Red 5's share price decreases, Red 5 may not be able to attract new investors or raise capital when required.

(f) **Gold price**

The success of Red 5's operations will be primarily dependent on the price of gold bullion as substantially all of Red 5's potential revenues will be derived from the sale of gold. Gold prices are volatile and may fluctuate as a result of numerous factors, which are beyond the control of Red 5. Such factors include, but are not limited to:

- (1) speculative positions taken by investors or traders in gold;
- (2) changes in global demand for gold (as an investment and/or for other uses);
- (3) global and regional recessions or reduced economic activity and/or inflationary expectations;
- (4) financial market expectations regarding the rate of inflation;
- (5) the strength of the U.S. dollar (the currency in which gold trades internationally);
- (6) gold hedging and de-hedging by gold producers;
- (7) decisions made by central banks and multilateral organisations to purchase, hold or sell portions of their gold reserves; and
- (8) changes in production costs in major gold producing regions.

Historically, the price of gold has fluctuated widely and is currently trading significantly above long-term historical average prices. The possible adverse consequences of future price declines could include the following:

- (1) Red 5's operations may become uneconomic because the projected future revenues no longer justify the cost of development;
- (2) Red 5 may be unable to raise finance to construct or complete the required infrastructure on acceptable terms, or at all;
- (3) Red 5's revenues may decline to a point at which its operations are unprofitable, as a result of which Red 5 may cease production;
- (4) the value of Red 5's assets may decline, causing it to write down asset values and thereby incur losses;
- (5) Red 5 may be required to restate its gold reserves and resources; and
- (6) Red 5's operations may experience delays while Red 5 reassesses the economics of the Siana mine under different gold price assumptions.

(g) **Exchange Rates**

Red 5's revenue from gold sales will be received in U.S. dollars while its operating expenses will be primarily incurred in Australian dollars and Philippine Peso. Because Red 5's financial statements are reported in Australian dollars, appreciation of the Australian dollar against the U.S. dollar, without offsetting improvement in U.S. dollar denominated gold prices, could adversely affect Red 5's reported profitability and financial position.

In addition, certain capital expenditure will be made in US dollars or Philippine Pesos and certain consumable items required for operations will be priced in US dollars or Philippine Pesos. These costs will increase in Australian dollar terms if there is a depreciation of the Australian dollar against the US dollar or Philippine Peso, which could adversely affect Red 5's profitability, results of operations and financial position.

(h) **Conditions and renewal of licences**

The permits and agreements on the Siana and other Philippine projects are governed by Philippine legislation and are evidenced by the granting of permits and agreements and the extension of such permits and agreements. Each permit, agreement or extension is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

The Company is currently in compliance with its material permit obligations however the MGB has issued a Cease and Desist order on the Siana mine, which will remain in force until all remedial works on the compromised tailings dam have been completed to the satisfaction of the MGB.

The Company will be required to obtain additional permits for the new tailings dam and will be required to obtain modifications to existing permits to take into consideration the a small lined tails facility and the construction of a Thickener/Filtration tails handling facility. Although these facilities are on the existing project foot print, there is no guarantee that the permit extensions will be granted.

(i) **Consents from surface land holders**

The Philippines Mining Act sets out the requirement for entities wishing to access mineral permits for the purpose of exploration, development and utilisation to receive the consent of the surface owners or occupants of the land in writing prior to such access and to pay them an appropriate amount of compensation.

The Company has identified an area which is ideal for the staged development of a new tailings dam. Approximately 40 hectares of land area is required for the first stage. All affected land owners have been identified and the Company has commenced negotiations to purchase the land. The Company has had recent experience in purchasing land as a result of having to acquire 10 hectares of land which was adjacent to the compromised tailings dam so that remedial works could be completed.

Although seeking such consent is a common task for mining companies in the Philippines, there is no guarantee that it will be a fast or cost effective process for Red 5.

(j) **Operations generally**

Gold mining and processing ore into gold are susceptible to numerous events that may have an adverse impact on Red 5's ability to extract ore and produce gold.

Mindanao experiences heavy rainfalls which have previously disrupted operations and resulted in significant pit dewatering requirements. Other events which may have an adverse impact on Red 5's mining operations include (but are not limited to) inclement weather conditions (including cyclones and flooding), seismic activity and other natural disasters; unexpected maintenance or technical problems, failure of key equipment, electrical power interruptions, environmental hazards (including discharge of metals, pollutants or hazardous chemicals), safety related stoppages, ingresses of water, failure of mining pit slopes, dams and waste stockpiles and interruptions due to transportation delays.

The occurrence of any of these events may result in higher operating costs, increased maintenance costs or ongoing unplanned capital expenditure and an inability to meet gold production targets, which would have a material adverse impact on Red 5's operational results and its financial position.

(k) **Production and capital costs**

Red 5's business, results of operations and financial condition may vary with fluctuations in production and capital costs. Red 5's main production expenses are expected to be ore movement and mining costs, pit dewatering, fleet maintenance, diesel fuel and materials (including mining consumables) and its main capital costs will be the development capital expenditure required for the Siana mine, including construction of a new tailings storage facility and other tailings deposition solutions. Changes in the costs of Red 5's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in gold resource and reserve estimates. Many of these factors may be beyond Red 5's control. In addition, some of the capital cost estimates are based on conceptual engineering design and there may be a material changes to the estimates as works progress.

(l) **Dependence on key personnel**

Red 5's success depends on the continued services of its key personnel. Due to management's experience and the important role they have taken in developing Red 5's mining, business and financial plans, Red 5 could be adversely affected if any of them ceased to actively participate in the management of Red 5 or ceased employment with Red 5 entirely. As there may be a limited number of persons with the requisite experience and skills to serve in Red 5's senior management positions if existing management leave Red 5, Red 5 may not be able to locate or employ qualified executives on acceptable terms. If Red 5 cannot attract, train and retain qualified managers, Red 5 may be unable to successfully manage its operations.

(m) **Availability and cost of mining equipment and skilled labour**

Increases in worldwide mining activities may create cost pressures for services and skilled personnel in the gold industry, which may affect Red 5's ability to purchase or hire equipment, supplies and services and to recruit skilled personnel. In addition, the availability of equipment and services is affected by the level and location of mining activity around the world. An increase in activity in the Philippines or in other areas in Asia and Australia may reduce the availability of equipment and services to Red 5. In addition, due to the increased demand for most mineral commodities experienced over the past few years, there has been significant demand for many mining and processing inputs, which has resulted in shortages, as well as longer lead times for delivery and increases in pricing, of mining equipment and metallurgical plant, strategic spares and critical consumables. The reduced availability of equipment, services and skilled personnel may delay Red 5's development and production activities, which may adversely affect Red 5's operations and increase costs. A shortage of skilled labour in the Philippines and the Asia Pacific regional mining industry generally could result in Red 5 having insufficient skilled and experienced employees or contractors to operate its business, which could adversely affect Red 5's business, results of operations and financial condition.

(n) **Mineral resource and ore reserve estimates**

Mineral resource and ore reserve estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop mineral resources. Further, ore reserves are valued based on future costs and future prices

and consequently, the actual mineral resources and ore reserves may differ from those estimated, which may result in either a positive or negative effect on operations.

Should Red 5's projects encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, mineral resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect Red 5's operations.

(o) **Sovereign and political risks associated with operating in the Philippines**

Red 5's main projects are located in the Philippines and Red 5 is therefore subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

Terrorist attacks against mining companies have occurred in the Philippines and on the island of Mindanao, where the Company's main projects are located. The Company has not experienced any attacks to its operations since inception, however there is no guarantee that there will not be any terrorist activities against the Company in the future. The Company maintains good relations with the local community and a large proportion of the workforce is sourced from the neighbouring villages, which assists in reducing the risk of any terrorist activity.

(p) **Philippines Government Mining Policy, Executive Order 079**

In January 2012 the Philippines Government issued a new mining policy termed Executive Order 079 ("EO79"). The Implementing Rules and Regulations (IRR) of the E079 have been issued. However there is a risk that further changes under the E079 policy will involve increases to royalties and taxes that will affect the revenue derived by Red 5 from any future operation.

(q) **Philippine foreign acquisition laws**

A foreign entity may only hold up to a maximum of 40% of the voting rights of any company holding a Philippine MPSA (mineral production sharing agreement). The restriction on foreign ownership relates to the ownership of an MPSA and its holder, the operation of an MPSA, the total physical area that may be held by a foreign held entity and the role that a foreign person may have in an entity that has more than 40% of an MPSA or MPSA holder.

Red 5 has considered this in structuring the holding of its assets and has set up a structure of associated companies which comply with the current Philippine foreign ownership laws. However, there is a risk that the current or future structure of Red 5's holdings may be subject to alteration due to changes to Philippine foreign ownership laws.

(r) **Environmental regulations and risks**

National and local environmental laws and regulations in jurisdictions in which Red 5 operates affect nearly all of the operations of Red 5. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Red 5 will minimise the potential impact of these laws and regulations by taking steps to ensure compliance occurs and, where possible, by carrying appropriate insurance.

Significant liability could be imposed on Red 5 for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental

damage caused by previous owners of properties acquired by Red 5 or non-compliance with environmental laws or regulations.

(s) **Australian Government policy**

As an Australian domiciled company listed on the ASX, changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia, may have an adverse effect on operations and ultimately the financial performance of Red 5 and the market price of its securities.

(t) **Taxation**

Changes in taxation and government legislation in a range of areas (for example, Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors. The countries in which Red 5 operates may impose additional taxes on Red 5. The recoupment of taxation losses accrued by Red 5 from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in relevant jurisdictions. There is no guarantee that Red 5 will satisfy all these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of Red 5.

(u) **Occupational health and safety**

Red 5's operations are subject to a variety of industry specific health and safety laws and regulations which are formulated to improve and to protect the safety and health of employees. Mining operations are inherently hazardous. While Red 5 seeks to implement best practice procedures in occupational health and safety, the occurrence of any industrial accidents, workplace injuries or fatalities may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

(v) **Insurance**

Red 5's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures and natural phenomena such as inclement weather conditions (including cyclones), floods and earthquakes. Such occurrences could result in damage to mining or production facilities, personnel injury or death, environmental damage to Red 5's properties and the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Red 5 maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all of the potential risks associated with its operations. Red 5 may also be unable to maintain insurance to cover those risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from any of these events may cause Red 5 to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

(w) **Litigation**

Legal proceedings may also arise from time to time in the course of Red 5's business. Red 5 may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on Red 5's operations, financial performance and financial position. As at the date of this Prospectus, Red 5 is not involved in any legal proceedings the result of which would have a material adverse effect on the business or financial position of Red 5.

6.3 Risks related to an investment in the New Shares

(a) Dividends

There is no guarantee as to future earnings of Red 5 or that Red 5 will be profitable and there is no guarantee that Red 5 will be in a financial position to pay dividends.

At the time of issue of this Prospectus, the Directors do not anticipate that any dividend will be declared in respect of the current financial year and no dividends are anticipated to be declared for the foreseeable future.

(b) Liquidity and realisation risk

If Red 5 Shares are reinstated to trading on ASX, there can be no guarantee that an active market in Red 5's Shares will develop. There may be relatively few or many potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in shareholders receiving a market price for their Shares that is less or more than the Issue Price.

(c) Share market price risk

Share market conditions may affect the value of Red 5's quoted securities regardless of Red 5's operating performance. Share market conditions are affected by many factors such as general economic outlook, the behaviour of share markets in the United States, Asia and Europe, interest rates and inflation rates, commodity price fluctuation, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

The occurrence of any one or more of these factors may result in shareholders receiving a market price for their Shares that is less than the Issue Price or below the net asset value per security.

(d) Dilution risk

Red 5 may require further financing in addition to amounts raised under the Entitlements Offer in the future. If any additional funds are raised through the issue of further securities, Shareholders voting and relevant interest in Red 5 may be diluted if they do not participate in the issue.

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7. Additional information

7.1 Transaction specific prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as Red 5, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements. The information in this Prospectus principally concerns the terms and conditions of the Entitlements Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Entitlements Offer on Red 5; and
- (b) the rights and liabilities attaching to the New Shares.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to Red 5 which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete. Shareholders should therefore also have regard to the other publicly available information in relation to Red 5 before making a decision whether or not to invest in Red 5.

7.2 Continuous reporting and disclosure obligations

Red 5 is listed on ASX and its Shares are quoted on ASX under the trading code "RED". Red 5 is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning Red 5 and which a reasonable person would expect to have a material effect on the price or value of securities in Red 5. Red 5 also participates in an American Depository Receipts (ADR) program and its shares are listed on the OTCQX International Market under ticker code RDFLY.

Given that the Company is a disclosing entity it may be required to release information to the market while this Prospectus is current. Where required by the Corporations Act, new information may result in the preparation of a supplementary or replacement prospectus. Shareholders and prospective investors are advised to refer to the announcements under the Company's ASX Code "RED" on the ASX website for updated releases about events or matters affecting the Company. Copies of announcements given to the ASX by the Company will also be made available via the Company's website at www.red5limited.com.

Copies of the documents lodged by Red 5 with ASIC may be obtained from, or inspected at, an office of ASIC.

Red 5 will provide a copy of any of the following documents, free of charge, to any Shareholder who asks for a copy of the document before the Closing Date:

- (a) audited financial statements for Red 5 for the year ended 30 June 2012;
- (b) half-yearly financial statements for Red 5 for the period ended 31 December 2012;
- (c) any other financial statements lodged in relation to Red 5 with ASIC and any continuous disclosure notices given by Red 5 to ASX, in the period since the release of Red 5's last annual report on 22 October 2012, being the following documents:

Announcement	Date
Lapse of unlisted options	1 July 2013
Siana operations further update	13 June 2013
Siana operations update	27 May 2013
Siana milling operations suspended	13 May 2013
Quarterly cash flow report	30 April 2013
Quarterly activities report	30 April 2013
Siana operational update	30 April 2013
Voluntary suspension	30 April 2013
Trading halt and request	26 April 2013
Siana process plant improvements – update	15 April 2013
Siana mine productivity improvements	08 April 2013
Siana mine site progress	13 March 2013
Half year accounts	12 March 2013
Company insight – New MD Norregaard on company plans	18 February 2013
Quarterly cash flow report	29 January 2013
Quarterly activities report	29 January 2013
Initial directors interest notice	23 January 2013
Managing Director appointment	23 January 2013
Final Directors Interest Notice	31 December 2012
Retirement of Non-Executive Director	31 December 2012
US\$25 million financing complete	31 December 2012
Becoming a substantial holder	27 December 2012
Siana mine site – new production forecast	11 December 2012
Siana mine site – Typhoon Pablo	05 December 2012
Results of annual general meeting	27 November 2012
AGM Chairman's address	27 November 2012
Addendum to investor presentation	23 November 2012
Investor presentation	22 November 2012
Final directors interest notice	15 November 2012
Managing Director steps down	15 November 2012
Quarterly cash flow report	31 October 2012
Quarterly activities report	31 October 2012
Notice of annual general meeting	22 October 2012
Red 5 2012 Annual Report	22 October 2012

7.3 Market share price

The highest and lowest prices for Shares in Red 5 on ASX in the 6 month period before the date of this Prospectus and the respective dates of those sales were:

- (a) highest price \$1.200 on 21 January 2013; and
- (b) lowest price \$0.585 on 18 April 2013.

The last closing market sale price of the Shares quoted on ASX on the last day that trading took place in the Shares prior to Red 5 entering into voluntary suspension on 30 April 2013 was \$0.62.

7.4 **Constitution**

The Constitution of Red 5 is in a form common to public companies in Australia and was adopted by Shareholders at Red 5's annual general meeting on 23 November 2011.

Red 5 will provide a copy of the Constitution to any Shareholder upon request, free of charge.

7.5 **Rights and liabilities attaching to new shares**

The Shares currently on issue and the New Shares offered under this Prospectus are in the same class and rank equally. The rights attaching to these Shares (and the New Shares) are set out in Red 5's Constitution and are regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

Set out below is a summary of the principal rights and liabilities attaching to Red 5's current Shares. This summary is not a definitive statement of the rights and liabilities of Shareholders.

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Red 5. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of Red 5.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Dividend Rights

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by Red 5 to the Shareholders of such a dividend. The Directors may authorise the payment or crediting by Red 5 to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of Red 5. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in

respect of which the dividend is paid. Interest may not be paid by Red 5 in respect of any dividend, whether final or interim.

Winding-Up

If Red 5 is wound up, the liquidator may, with the authority of a special resolution of Red 5, divide among the Shareholders in kind the whole or any part of the property of Red 5, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of Red 5, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholders is compelled to accept any shares or other securities in respect of which there is any liability.

Transfer of Shares

Generally, Shares in Red 5 are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

Future increases in Capital

The allotment and issue of any new Shares is under the control of the Directors. Subject to the Listing Rules, Red 5's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new Shares on such terms and conditions as they see fit.

Variation of Rights

Pursuant to Section 246B of the Corporations Act, Red 5 may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares. If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not Red 5 is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

7.6 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus or by way of an announcement to ASX which is likely, in the opinion of the Directors of Red 5 to affect substantially:

- (a) the operations of Red 5;
- (b) the results of those operations; or
- (c) the state of affairs of Red 5.

7.7 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against Red 5 which has or would be likely to have a material adverse effect on either Red 5 or its business.

7.8 Directors' interests

Set out below are details of any director or consultancy fees or other amounts paid to the Directors in the 2 years prior to the lodgement of this Prospectus:

	Salary	Directors fees	Consulting fees	Other	Total
Colin Jackson					
- Year ended 30 June 2013	-	70,000	201,501	6,300	277,801
- year ended 30 June 2012	-	70,000	138,563	6,300	214,863
Steve Norregaard (i)					
- year ended 30 June 2013	182,968	-	-	16,875	199,843
- year ended 30 June 2012	-	-	-	-	-
Kevin Dundo					
- year ended 30 June 2013	-	55,000	-	4,950	59,950
- year ended 30 June 2012	-	55,000	-	4,950	59,950
Mark Milazzo					
- year ended 30 June 2013	-	58,333	-	5,250	63,583
- year ended 30 June 2012	-	52,500	-	4,725	57,225
Gary Scanlan (ii)					
- year ended 30 June 2013	-	95,000	-	8,396	103,396
- year ended 30 June 2012	-	60,000	-	5,400	65,400
Gregory Edwards (iii)					
- year ended 30 June 2013	475,969	-	-	28,026	503,995
- year ended 30 June 2012	436,065	-	-	124,748	560,813

- (i) Mr Norregaard was appointed Managing Director on 1 February 2013.
- (ii) Mr Scanlan resigned as non-executive director on 31 December 2012.
- (iii) Mr Edwards resigned as Managing Director on 15 November 2012 and his 2013 salary includes a termination payment of \$327,844.

In addition, Directors, companies associated with Directors and their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties including out of pocket expenses, travelling expenses, disbursements made on behalf of Red 5 and other miscellaneous expenses.

Set out below are details of the interests of the Directors in the securities of Red 5 immediately prior to lodgement of this Prospectus with ASIC. Interests include those securities held directly and indirectly. The table does not take into account any New Shares the Directors may acquire under the Entitlements Offer.

Director	Number of Shares	Number of Options	Percentage shareholding
Colin Jackson	22,500	Nil	0.017%

Steve Norregaard	Nil	Nil	Nil
Kevin Dundo	Nil	Nil	Nil
Mark Milazzo	25,000	Nil	0.018%

Mr Jackson and Mr Milazzo have indicated that it is their present intention to subscribe for their full Entitlement under the Entitlement Offer. The Directors, companies associated with Directors and their associates will not be seeking New Shares under the Shortfall Offer.

Other than as set out above or elsewhere in this Prospectus, no Directors of Red 5 holds, or held at any time during the last 2 years, any interest in the formation or promotion of Red 5, the Entitlements Offer or property acquired or to be acquired by Red 5 in connection with its formation or the promotion of Red 5 or the Entitlements Offer.

Other than as set out above or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director to induce them to become, or to qualify as, a Director of Red 5 or for services provided by a Director in connection with the formation or promotion of Red 5 or the Entitlements Offer.

7.9 Interests of experts and advisers

This Section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of Red 5 and stockbrokers or arrangers to the Entitlements Offer (collectively **Prescribed Persons**).

HopgoodGanim has acted as lawyers to the Entitlements Offer and has performed work in relation to the Prospectus and in relation to preparing the due diligence and verification program and performing due diligence required on legal matters, however, they do not make any statement in this Prospectus. In respect of this work, Red 5 estimates that it will pay approximately \$150,000 (excluding disbursements and GST) to HopgoodGanim. Further amounts may be paid to HopgoodGanim in accordance with its normal time based charges. For the 2 year period ending on the date of this Prospectus, Red 5 has not paid any amount to HopgoodGanim for services provided. Mr Kevin Dundo, a Director, is also a senior partner of HopgoodGanim.

Security Transfer Registrars Pty Ltd has been appointed to conduct Red 5's share registry functions and to provide administrative services in respect to the processing of Acceptances received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

Other than as set out above or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in the formation or promotion of Red 5, any property acquired or proposed to be acquired in connection with the formation or promotion of Red 5 or the Entitlements Offer or the offer of New Shares under this Prospectus.

Other than that as set out above or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the formation or promotion of Red 5 or the offer of New Shares under this Prospectus.

7.10 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

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- (a) Security Transfer Registrars Pty Ltd has given and has not withdrawn its consent to be named in this Prospectus as the share registry of Red 5 in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than recording its name as share registrar to Red 5. It takes no responsibility for any part of the Prospectus other than the references to its name.
- (b) HopgoodGanim has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Entitlements Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.
- (c) KPMG has given and has not withdrawn its consent to be named as auditors in the Prospectus in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

References to geological information in this Prospectus that relate to exploration results, mineral resources or ore reserves are based on and accurately reflect information compiled by Mr Rohan D Williams, who is a full time employee of Red 5. Mr Williams is a qualified member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which 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. Mr Williams consents to the inclusion of the matters based on his information in this Prospectus in the form and context in which it appears.

8. Action required to be taken by Eligible Shareholders

8.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement;
- (b) apply for Additional Shares; or
- (c) allow all or part of your Entitlement to lapse.

8.2 If you wish to take up all of your Entitlement

The number of New Shares to which you are entitled is calculated as at the Record Date and is shown on the Entitlement and Acceptance Form.

BPAY

If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form. If paying via BPAY, Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Shareholder to ensure that funds submitted through BPAY are received by Red 5 prior to 5.00pm (Perth time) on the Closing Date.

CHEQUE

If you wish to take up all of your Entitlement and you are paying by cheque, then an application for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "not negotiable" and made payable to "Red 5 Limited — Share Issue Account" and lodged (by delivery or post) at:

**Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153**

The Entitlement and Acceptance Form and cheque for the subscription funds must be received by Red 5 by no later than 5.00pm (Perth time) on the Closing Date.

8.3 If you wish to take up part of your Entitlement

BPAY

If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

If the funds submitted through BPAY are less than the funds required to pay for your full Entitlement, Red 5 will treat you as applying for as many New Shares as your payment will pay for in full.

If paying via BPAY, Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Shareholder to ensure that funds submitted through BPAY are received by Red 5 prior to 5.00pm (Perth time) on the Closing Date.

CHEQUE

If you wish to take up part of your Entitlement and you are paying by cheque, then an application for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this prospectus and on the Entitlement and Acceptance Form.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at 35 cents each per New Share) and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "not negotiable" and made payable to "Red 5 Limited — Share Issue Account" and lodged (by delivery or post) at:

**Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153**

The Entitlement and Acceptance Form and cheque for the subscription funds must be received by Red 5 by no later than 5.00pm (Perth time) on the Closing Date.

8.4 If you wish to apply for Additional Shares

BPAY

If you wish to apply for Additional Shares in excess of your Entitlement and you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form. You will not need to return the Entitlement and Acceptance Form. If paying via BPAY, Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Shareholder to ensure that funds submitted through BPAY are received by Red 5 prior to 5.00pm (Perth time) on the Closing Date. If the funds submitted through BPAY are in excess of the funds required to pay for your Entitlement, Red 5 will treat you as applying for as many Additional Shares as the balance of your payment will pay for in full.

CHEQUE

If you wish to apply for Additional Shares in excess of your Entitlement and you are paying by cheque, then an application for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to apply for and the amount payable (calculated at 35 cents each per New Share) and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "not negotiable" and made payable to "Red 5 Limited — Share Issue Account" and lodged (by delivery or post) at:

**Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153**

The Entitlement and Acceptance Form must be received by Red 5 by no later than 5.00pm (Perth time) the Closing Date.

8.5 If you do not wish to take up any or part of your Entitlement

If you do not wish to take up any part of your Entitlement, you are not required to take any action and your Entitlements will lapse. Eligible Shareholders will not receive any proceeds in respect of any part of their Entitlement that they do not take up and in such circumstances, a Shareholder's voting and relevant interest in Red 5 may be diluted.

8.6 Queries

If you have any queries concerning your Entitlement, please contact Red 5's Share Registry, your stockbroker or professional adviser.

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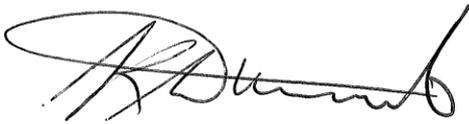
9. Directors' statement

This Prospectus is dated 19 July 2013 and is issued by Red 5 Limited.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquires and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of New Shares pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to investors or their professional advisors. Each of the Directors of Red 5 Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed on the date of this Prospectus on behalf of Red 5 Limited by:



Kevin Dundo
Director

10. Definitions & glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Acceptance	A valid acceptance of an Entitlement Offer made pursuant to this Prospectus
Acceptance Monies	The monies received by Red 5 from an Applicant, equal to the Issue Price multiplied by the number of New Shares accepted or applied for
Additional Shares	Those Shares which Eligible Shareholders may apply for under this Prospectus in excess of their Entitlement, which may be issued by the Directors pursuant to the Shortfall Offer
Applicant	A person who submits an Entitlement and Acceptance Form
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited
Board	The board of directors of Red 5
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Perth, Western Australia
Closing Date	The date by which valid acceptances must be received, being 20 August 2013 or such other date determined by the Board
Constitution	The Constitution of Red 5
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time
Directors	The directors of Red 5 from time to time
Eligible Shareholder	A Shareholder that holds shares in Red 5 on the Record Date and whose registered address is in Australia or New Zealand
Entitlement and Acceptance Form	An entitlement and acceptance form in the form attached to this Prospectus in relation to the Entitlement Offer and the Shortfall Offer
Entitlements or Rights	The entitlement to subscribe for New Shares under the Entitlement Offer
Entitlements Offer	The offer to Eligible Shareholders to subscribe for New Shares under the non-renounceable entitlements offer made pursuant to this Prospectus as set out in Section 4.1
Existing Options	All existing unlisted options to subscribe for Shares currently on issue as at the date of this Prospectus
Full Subscription	\$47,420,802 raised under the Entitlements Offer
Greenstone	Greenstone Resources Corporation company number CS200309053
HDPE	high density poly ethylene as set out in Section 2.5(b)
Hedge	The gold hedge with the Senior Lender as set out in Section 2.7(b)
Ineligible Shareholder	A Shareholder who is not an Eligible Shareholder
Issue Price	35 cents for each New Share
Listing Rules	The official listing rules of ASX as amended from time to time

MGB	The Mines a Geoscience Bureau of the Philippines
Minimum Subscription	\$35,000,000 raised under the Entitlements Offer
Online Prospectus	The electronic version of this Prospectus which can be viewed at www.red5limited.com
Opening Date	The date of commencement of the Entitlement Offer, expected to be 6 August 2013.
Option Holders	The holders of the Existing Options
Perth time	The time in Perth, Western Australia
Prepaid Swap Facility	The prepaid swap facility as set out in Section 2.7.
Prospectus	This prospectus dated 19 July 2013 as modified or varied by any supplementary prospectus made by Red 5 and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	30 July 2013 at 5.00 pm (Perth time)
Red 5 or Company	Red 5 Limited ACN 068 647 610
Register	Company register of Red 5
Retention Funds	The US\$5 million held by the Senior Lender as set out in Section 2.7(b)
Section	A section of this Prospectus
Share Registry	Security Transfer Registrars Pty Ltd
Shares	The ordinary fully paid shares in the capital of Red 5
Shareholders	The holders of Shares from time to time
Shortfall	New Shares not subscribed for by Eligible Shareholders under the Entitlements Offer and which are available under the Shortfall Offer
Shortfall Offer	The offer of the Shortfall Shares to Eligible Shareholders and other parties as described in Section 4.6 and Section 4.7
Shortfall Shares	the New Shares comprising the Shortfall and which are available under the Shortfall Offer
U.S. Securities Act	The U.S. Securities Act of 1933

11. Corporate directory

Board of Red 5	Stock Exchange Listing	Auditors
Colin Jackson (Non-executive Chairman) Johannes (Steve) Norregaard (Managing Director) Kevin Dundo (Non-executive Director) Mark Milazzo (Non-executive Director)	Australian Securities Exchange Trading code: RED OTCQX International Trading code: RDFLY	KPMG 235 St Georges Terrace Perth WA 6000
Administration and Registered Office	Share Registry	Lawyers
Red 5 Limited Level 2 35 Ventnor Avenue West Perth WA 6005 Telephone: (+61 8) 9322 4455 Facsimile: (+61 8) 9481 5950 Email: info@red5limited.com Website: www.red5limited.com	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (+61 8) 9315 2333 Facsimile: (+61 8) 9315 2233 Email: registrar@securitytransfer.com.au Website: www.securitytransfer.com.au	HopgoodGanim Level 4 105 St Georges Terrace Perth WA 6000