Red5Limited ABN 73 068 647 610

ASX ACTIVITIES REPORT
3 months ended
30 September 2013

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

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OVERVIEW

Siana Gold Project, Philippines

Operations

- Mine site remained on care and maintenance for the quarter
  - open pit water depth at designated levels
  - dewatering pumps powered by site diesel station
  - process plant mill, pumps and motors at operational readiness.
- Detailed planning and engineering for the lined tailing pond and the co-deposition options for tailings disposal well advanced.
- Regular reporting to, and meetings with, the Mining and Geosciences Bureau and Environmental Management Bureau. Cease and Desist Order still in effect. Dialogue remains ongoing.

Finance

- The loan retention account (US$5.0 million) and gold hedge close out (US$3.17 million) were paid to the senior lender on 19 September 2013.
- Second standstill agreement negotiated with senior lender - expires 23 October 2013.
- $50 million placement launched at 10 cents per share on 4 September 2013 after a non-renounceable Rights issue at 35 cents per share did not achieve the minimum $35 million target.
- Share Purchase Plan launched at 10 cents per share with a closing date of 25 October 2013.
- Loan balance, US$18.4 million, repaid on 22 October 2013, from proceeds of the successful equity placement raise.
- The Company is debt free and has no gold hedge or FX contracts.

Post period end

- Shareholders at a General Meeting on 21 October 2013, ratified the issue of 20.3 million shares under the 15% placement authority and approved the further issue of 479.7 million shares.
- Insurance underwriters confirm acceptance of liability under the Company's business interruption policy.

Corporate

- Company's shares remained in trading suspension for the quarter.
- Shares will re-list on the ASX on 1 November 2013.

Steve Norregaard
Managing Director
31 October 2013

MANAGING DIRECTOR'S REVIEW

With activity at the mine during the quarter purely limited to care and maintenance, manning levels were dramatically reduced, with a total onsite workforce of 115.

Work completed during the quarter focused on the following key activities:

- Dewatering bore hole drilling - all known sources of water inflow into the pit have been intercepted with 4 new large diameter boreholes drilled, lined and tested ready for pump installation.
- Tailings dam environmental monitoring and reporting.
- Metallurgical test work conducted to further characterise ore types to optimise gold recoveries.
- Near completion of the power line and associated switching station tie-in works to connect the mine to the high voltage mains power grid.

With the completion of the $50 million capital raising and an admission of liability under the Business Interruption insurance policy the Company will be adequately funded to recommence production. The only remaining impediment is the Cease and Desist Order ("CDO") preventing the recommencement of milling activities.

The CDO was issued on 6 June 2013, post completion of successful remedial works on TSF 4, ensuring stability. The CDO remains in force despite having furnished the government departments all the required documentation in an acceptable form and maintaining an ongoing dialogue with both the Environmental Management Bureau and the Mining and Geosciences Bureau since late April 2013. Various meetings, tripartite visits, inspections of the tailings dam and remedial works were carried out, with regular reporting of monitoring results (water quality, piezometer readings and surveys) to demonstrate the static and stable status of the facility. The Company is not aware of any reason why the Order cannot be lifted.

Work on a replacement tailings storage solution has delivered a 3 stage plan after numerous other variations and options have been duly considered. Detailed engineering layout for the initial HDPE lined starter dam is complete (Stage 1). The co-deposition concept (Stage 2) utilises the much larger footprint, encompassing the decommissioned TSF 4, TSF 3 and the lined starter dam. Final test work to determine thickener parameters and cement addition rates is nearing a conclusion. A suitable brand new unused thickener has been identified, which if secured, would shorten the timetable and improve economics.

The longer term ultimate tailings dam solution remains subject to geotechnical and environmental investigations and land acquisition. This is scheduled post the capital raising and CDO lifting.

On the corporate front, the principal activities revolved around finding the most appropriate method of re-capitalising the business. A prospectus for a non-renounceable 1 for 1 Rights issue was launched on 19 July 2013 to raise a minimum $35 million at 35 cents per share. The raise did not achieve the minimum subscription. With funds rapidly diminishing due to ongoing care and maintenance costs, and no corporate solution, despite significant interest, a $50 million private share placement priced at 10 cents per share was launched. The offer was fully subscribed with participation dominated by existing major shareholders. Proceeds for the initial $2.03 million received early September2013, allowed urgent creditor issues to be resolved.

The balance was received, post shareholder approval on 21 October 2013.

Concurrent with the placement, a Share Purchase Plan ("SPP") prospectus was issued. The SPP offering was seeking to raise an additional $10 million at the same issue price, with the potential to extend this a further $5 million, at the directors' discretion.

The Company maintained ongoing dialogue with the insurance underwriters to progress the claim relating to the tailings dam compromise and subsequent business loss. After a lengthy process of deliberation and enquiry, the full panel of reinsurers accepted liability, post the end of the quarter. The cause of the failure, being the inadvertent closure of the under drainage valves for a three week period, which in turn led to a build up in pore water pressure causing a circular failure in the embankment, was determined to be an insurable event. With an admission of liability the Company is now working with a forensic accounting firm to verify the quantum of the loss. The combined property and business interruption policy has a sub-limit of $10 million.

Steve Norregaard
Managing Director

Financial Summary

	Quarter ending	
	Jun 2013	***Sep 2013***
	A$m	*A$m*
Sales Proceeds	7.3	0.0
Cost of Sales	(2.9)	
Care and Maintenance Costs	(4.9)	(2.2)
EBITDA from Operations	(0.5)	(2.2)
Depreciation and Amortisation	(2.2)	(0.1)
Net Earnings from Operations	(2.7)	(2.3)
Philippine and Australian Corporate costs	(1.7)	(1.0)
Net Earnings/(Loss)	(4.4)	(3.3)
Capital Expenditure		
Waste Stripping Costs *(i)*	4.10	0.00
Plant and Equipment	0.60	0.02
Exploration	0.10	0.03

** The mine was on care and maintenance from May to September 2013*

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