INITIATING COVERAGE

CASIMIR CAPITAL

March 16, 2011

ASX:RED

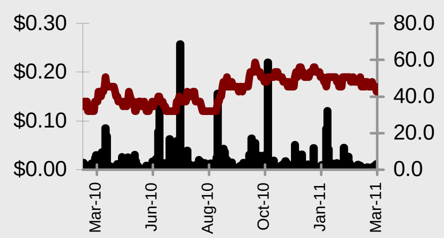
Closing price	$0.16
Rating	Overweight
Risk	High Risk
Target price	$0.27

Summary	
Price	$0.16
52-wk high	0.22
52-wk low	0.11
Basic shares outstanding	1,278
Diluted shares outstanding	1,279
Market capitalization	204.5

Capitalization	
Equity value	$205
Total debt	0
Preferred equity	0
Cash*	75
Firm value	$129

Trading multiples	
FV/2012E Production	$1,719
FV/R&R	$105
FV/2P reserves	$177

	2011E	**2012E**	**2013E**
USD/AUD	1.05	1.05	1.05
Au price (US$)	$1,350	$1,400	$1,350
Production (k oz)	37	76	94
Cash cost (US$/oz)	635	520	542
Revenue (US$mm)	50	106	127
EBITDA (US$mm)	26	68	89
Free cash (US$mm)	(27)	65	65



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*Cash adjusted for options/warrants exercise.
All figures in A$ unless noted otherwise.

Red 5 Limited

INITIATING COVERAGE WITH OVERWEIGHT RATING AND A $0.27 PRICE TARGET

Red 5 Limited ("Red 5" or "the Company") is an Australian near term gold producer with meaningful exploration upside potential. The Company's principal project, Siana, which is located on the Island of Mindanao in the Philippines, should initiate gold production in Q3 2011. In addition, Red 5 has another highly prospective exploration project, Mapawa, which lies north of Siana on the Surigao Peninsula. The Company also has a 25% free carried interest to feasibility stage in the Montague Joint Venture in Western Australia.

As a result of recent equity issuances, the Company has the capital to bring Siana into production during Q3 2011. With $75.2mm in cash and no debt, we believe Red 5 has sufficient capital to bring Siana into production without needing to raise additional capital. Should capital costs exceed the budget, the Company is currently negotiating terms on a US$25mm gold forward prepayment facility, (a "gold loan,") with Sprott Asset Management LP and its affiliates.

We believe Red 5 will produce 34.4k ounces of gold equivalent in 2011. We believe Red 5 will produce 11k oz of gold during the third quarter of the calendar year 2011 and 23.4k oz during the fourth quarter. We estimate its cash costs at US$635 per ounce during the Q4 2011.

We are initiating coverage with an Overweight rating and a price target of $0.27 per share. We base our target price on Red 5's 5% discount rate NAV estimate of US$0.17/diluted shares. Our NAV is based on various assumptions we made regarding the Company's operations, financing, and resource definition. We employ a $950/oz gold price in our life-of-mine model. We have also factored in trading comparable metrics (firm value to resources and firm value to 2012E production) when calculating our price target.

We have a High Risk rating on Red 5 because it needs to bring its Siana project into production on time and on budget. In addition, we believe there is some degree of risk associated with conducting operations on the island of Mindanao, where certain regions have been known for piracy and terrorism.

We believe near-term catalysts include:

- Completion of gravity + CIL plant during late 3rd quarter,
- Achieve 1st gold production on time and budget,
- Bringing panels 4 through 10 into a resource estimate, and
- Positive results from the 2011 drilling program at Mapawa.

Risks associated with an investment in Red 5 include the following:

- Geopolitical risk associated with the Philippines,
- The ability to complete construction projects on time and budget,
- Heavy precipitation that may negatively impact operations, and
- Continued strength of the price of gold.

Please see back pages for disclosures.

Overview

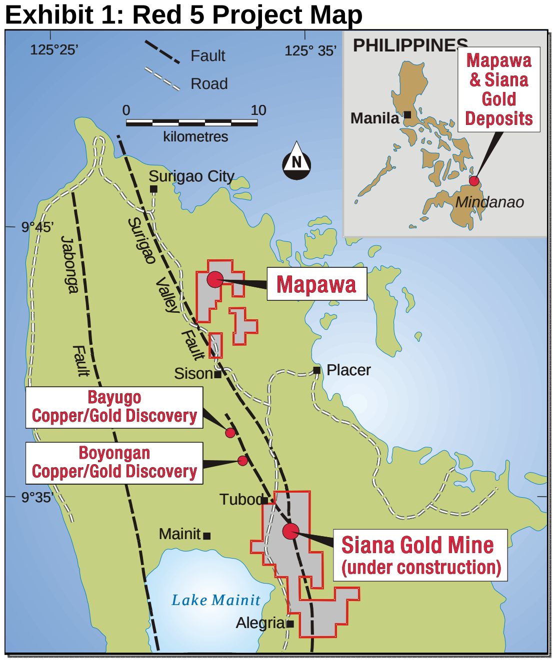
Red 5 Limited is an Australian based junior gold exploration and development company operating on the island of Mindanao in the Philippines (Exhibit 1). The Company is developing the historic Siana project in the Philippines, which is located on the Surigao peninsula on the Island of Mindanao. The project is along the same geologic trend as CGA Mining's Mabaste gold project, which hosts 7.7mm oz of resource. Red 5 raised approximately $50mm in a series of private placements, and is now fully funded to bring the Siana gold mine into production.

The island of Mindanao is known for piracy and terrorism related activities. These are primarily confined to the southern and western parts of the island, which is well away from the Surigao peninsula that is located in the northeast. Furthermore, the Surigao peninsula itself acts as a buffer against the more chaotic elements present on other parts of the island. In our opinion, the presence of a military base nearby along with the aforementioned factors makes the Siana project secure and safe despite relatively nearby dangers.

Suricon, the previous operator, mined approximately 1mm oz of gold from Siana, but entered receivership in 1990 due to the weak gold price. There has been no major drilling program undertaken at Siana for over two years. Management believes Siana can be brought into production for $77.2mm, of which $25.8mm has already been incurred. Red 5 initially planned on completing its conventional gravity separation and CIL plant during May or June 2011. However, due to higher than expected rainfall at Siana, moisture and humidity have delayed the concrete pour for the crusher and SAG mill for six weeks. Therefore, we estimate that Red 5 will initiate production during mid-August to early September 2011.

Red 5 had promising preliminary drilling results for its Mapawa exploration project in the spring of 2010. However, a combination of heavy rainfall and industry wide equipment shortages has kept the Company from proceeding with its full drilling program. Red 5 will set aside a $10mm budget to continue explorative drilling during the 2011 calendar year.

Exhibit 1: Red 5 Project Map



Source: Company presentation

Red 5 currently has $75.2mm in cash and no debt. We believe the Company has sufficient funds to bring Siana into production.

The Company has been offered a Gold Forward Prepayment Facility (a “gold loan”), which would be needed in the event of cost overruns. We believe Red 5 will not need to raise new capital (other than the potential gold loan) for the foreseeable future, unless potential value adding M&A opportunities present themselves.

Investment Opportunity

We are initiating coverage on Red 5 with an overweight rating and a price target of $0.27 per share. We believe shares of Red 5 are currently undervalued at the March 16, 2011 closing price of $0.16. Based on our life-of-mine model, we calculated Red 5’s corporate NAV at US$0.17 per diluted share factoring in a discount rate of 5% and life-of-mine gold price of US$950/oz. We have conducted a NAV sensitivity analysis with various gold prices, which demonstrates the impact of a US$100 per ounce change in the life-of-mine gold price which results in an increase of US$48.1mm, or US$0.037 per share in Red 5’s adjusted post-tax NAV.

Exhibit 2: NAV Sensitivity to Gold Price at 5% Discount Rate

Red 5			**Gold price**		
NAV calculation ($ in mm)	**$750**	**$850**	**$950**	**$1,050**	**$1,150**
Siana - OP	$27.4	$57.6	$87.8	$117.9	$148.1
Siana - UG	99.3	133.4	167.4	201.5	235.5
Less: Taxes	(20.4)	(36.5)	(52.7)	(68.8)	(85.0)
Less: Corporate SG&A	(30.9)	(30.9)	(30.9)	(30.9)	(30.9)
Less: Exploration expenses	(30.1)	(30.1)	(30.1)	(30.1)	(30.1)
Less: Debt	0.0	0.0	0.0	0.0	0.0
Plus: Cash from warrants/options	0.1	0.1	0.1	0.1	0.1
Plus: Cash on hand	77.2	77.2	77.2	77.2	77.2
Corporate NAV	$122.8	$170.8	$218.9	$267.0	$315.1
NAVPS	**$0.10**	**$0.13**	**$0.17**	**$0.21**	**$0.25**
Share price	0.16	0.16	0.16	0.16	0.16
Multiple to NAV	1.67x	1.20x	0.94x	0.77x	0.65x

Source: Siana bankable feasibility study; Company presentation; Casimir Capital L.P.

The possible drawdown of the aforementioned gold loan has a meaningful impact on the life-of-mine NAV. Under the terms announced in December 2010, should Red 5 execute the loan, it will receive US$25mm in exchange for Red 5 delivering 28,700 oz of gold over a 21 month period beginning in October 2011. The Company will benefit by way of further cash receipts in the event the spot price exceeds US$1300 per ounce. Using the same life-of-mine discount rate and gold price, this arrangement adjusts the NAV to US$0.18 per diluted share.

Due to the high level of uncertainty concerning the potential drawdown of the gold loan, we have chosen to employ the non-gold loan adjusted NAV in our price target calculation. We have applied a P/NAV multiple of 1.75x to arrive at an implied NAV per share of US$0.30. We have calculated the firm value to reserves and resources (FV/R&R) multiples of Red 5’s peers (Exhibit 3.) Based on the median of this multiple, we derive Red 5’s implied equity value on a FV/R&R basis to be US$0.15 per share. In a similar fashion, we calculated the firm value to estimated 2012 production (FV/production) multiple for Red 5 and compared it to its peers. We have derived an implied equity value of US$0.23 per share from this metric. Assigning a 60% weight to adjusted NAV and a 20% weight to each of the aforementioned trading comps, we arrive at our price target of $0.27.

Exhibit 3: Comparable Companies

Company	Price	% of 52-week high	Equity value	Firm value	P/NAV	Firm value / 2012E production	Firm value / 2P reserves	Firm value / Reserves & Resources
Allied Gold	$0.61	80.3%	$698.98	$689.25	1.33x	$3,159.32	$200.36	$84.64
La Mancha Resources	2.00	65.6%	347.6	286.2	0.71	2,246.0	373.5	85.3
St. Andrew Goldfields	1.06	62.0%	376.3	354.2	0.74	2,704.4	475.9	95.4
Timmins Gold	2.40	87.6%	345.8	356.1	1.44	3,722.6	582.9	339.2
Mean					1.05x	$2,958.1	$408.2	$151.1
Median					1.04x	$2,931.8	$424.7	$90.4
Red 5	$0.16	72.7%	$204.6	$129.3	0.84x	$1,718.6	177.2	$104.6

Source: NI 43-101 technical reports; technical reports; Company presentation; Casimir Capital L.P.

We rate Red 5 shares as High Risk. We believe an investment in Red 5 is High Risk due to a combination of factors including but not limited to risks associated with crime and terrorism in the southern and western regions of the island of Mindanao. The Company is unhedged, which makes it susceptible to a decline in the gold price. Also, the high level of annual precipitation on the island has the potential to slow construction and exploration progress on mining operations.

Key Projects

Siana is Red 5's primary project. It is located on the Surigao peninsula on the northeastern portion of the island of Mindanao in the Philippines. The Siana deposit is open at depth and along strike, with potentially higher grades at depth. Red 5 is on the same ring of fire gold trend as CGA Mining's Mabaste gold project. The Company currently has a JORC-compliant resource of 1.1mm oz of gold at Siana, and 2.1mm oz of silver.

Exhibit 4: Siana Resources

Siana	Tonnes (mm t)	Grade (g/t)	(k oz)
Gold			
Measured & indicated	5.15	4.60	762
Inferred	1.54	7.10	352
Total	6.69	5.18	1,113
Silver			
Measured & indicated	5.15	9.50	1,573
Inferred	1.54	11.50	569
Total	6.69	9.96	2,142

Source: technical reports; Company Presentation; Casimir Capital L.P.

Red 5 has all of the necessary permits in place for its Siana project. The Company commenced pre-stripping and dewatering of the Siana mine during the first quarter of 2011. Heavy rainfall has stalled forward progress on the construction of the plant at Siana. We expect Red 5 to complete the construction of its CIL plant by the end of July 2011, and to achieve first gold production between mid-August and early September 2011.

Exhibit 6: Siana Mining Assumptions

Siana		
Mining method		Open-pit/Underground
Recovery method		Gravity + CIL
Open-pit operations		
Capacity	tpd	1,413
Ore tonnage	mm t	3.31
Grade	g/t	3.76
Recovery rate	%	85.4%
Average annual production	k oz	68.6
Mining cost	$/t ore	2.64
SG&A	$/t ore	5.01
Average cash cost	$/oz	$480
Underground operations		
Capacity	tpd	1,096
Ore tonnage	mm t	3.38
Grade	g/t	5.40
Recovery rate	%	88.7%
Average annual production	k oz	58.62
Mining cost	$/t ore	39.34
Milling cost	$/t ore	21.07
SG&A	$/t ore	4.91
Average cash cost	$/oz	$419
Life-of-mine Cash Costs	$/oz	$450

Source: technical reports; Company presentation; Casimir Capital L.P.

We assume an initial capital expenditure of $77.2mm in our life-of-mine model and a mill with an average capacity of 2,268 tpd during the open pit phase, and an average capacity of 1,413 tpd during the underground phase. We have modeled in 6.69mm t of resource at an average gold grade of 5.18 g/t or 1.1mm oz, and an average silver grade of 9.96 g/t or 2.14mm oz over the life of the mine. Based on these assumptions, we believe the mine will have a ten year mine life. Based on our 87% LOM recovery rate assumption for gold and 75.5% for silver, we estimate a life-of-mine production of 843.2k oz and 1,413.3k oz respectively. In addition, we assume cash costs of US$2.64/t for open-pit mining, US$39.34/t for underground mining, US$21.07/t for processing, and US$5.01/t for G&A. We have also included 2% royalty on value of gold sales over the life of the mine. Based on these assumptions, we estimate life of mine average cash cost of US$450/oz.

Exhibit 5: Siana Production schedule

Siana		**2011E**	**2012E**	**2013E**
Siana - Open-Pit				
Days in operation	days	135	365	365
Tonnes milled	k t	446	760	734
Mill usage	tpd	3,300	2,083	2,010
Au grade	g/t	2.88	3.48	3.56
Recovery	%	83.3%	85.9%	85.7%
Au production/sales	k oz	34.4	73.1	72.0
Cash cost	US$/oz	635	520	509
Siana - Underground				
Days in operation	days			183
Tonnes milled	k t			201
Mill usage	tpd			1,096
Au grade	g/t			3.56
Recovery	%			85.7%
Au production/sales	k oz			19.7
Cash cost	US$/oz			650

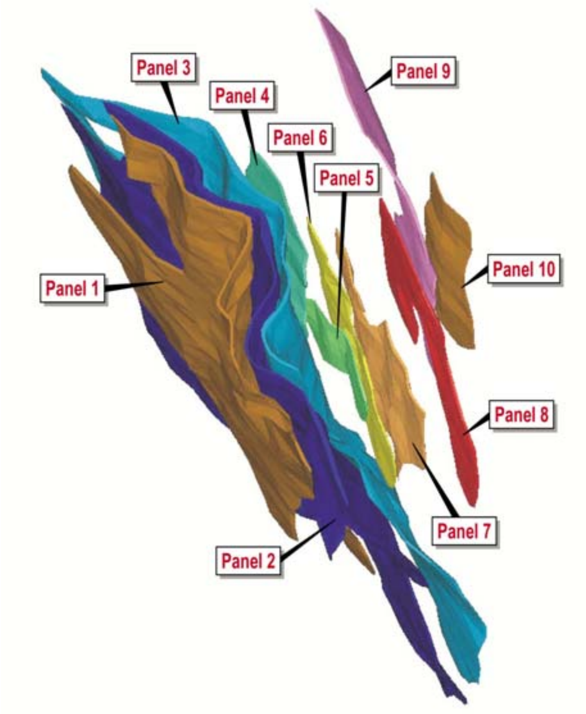
Source: technical reports; Company presentation; Casimir Capital L.P.

We project that Siana will be able to generate significant cash flow. We project that Siana will generate a total of US$64.5mm in after tax cash flow during its 2012 calendar year. In order to remain conservative, we use US$950/oz as our life-of-mine gold price. In our opinion, there is significant exploration upside, which could extend the mine life, and potentially increase cash flow.

Exploration to date has not exceeded a depth of 400m and the deposit remains open at depth and along strike. Based on exploration data to date, we believe Siana has the potential to define a multi-million ounce deposit. Estimated gold recovery is approximately 85% during the open-pit phase, and up to 90% when operations go underground.

Approximately 90% of the resource is based exclusively off of panels 1, 2 and 3, while the remaining panels have been underexplored. This is partly due to the high angle of incidence required to drill out each of the remaining panels as seen in Exhibit 7. We believe this represents a significant increase in the resource base and the life-of-mine as well as production rate.

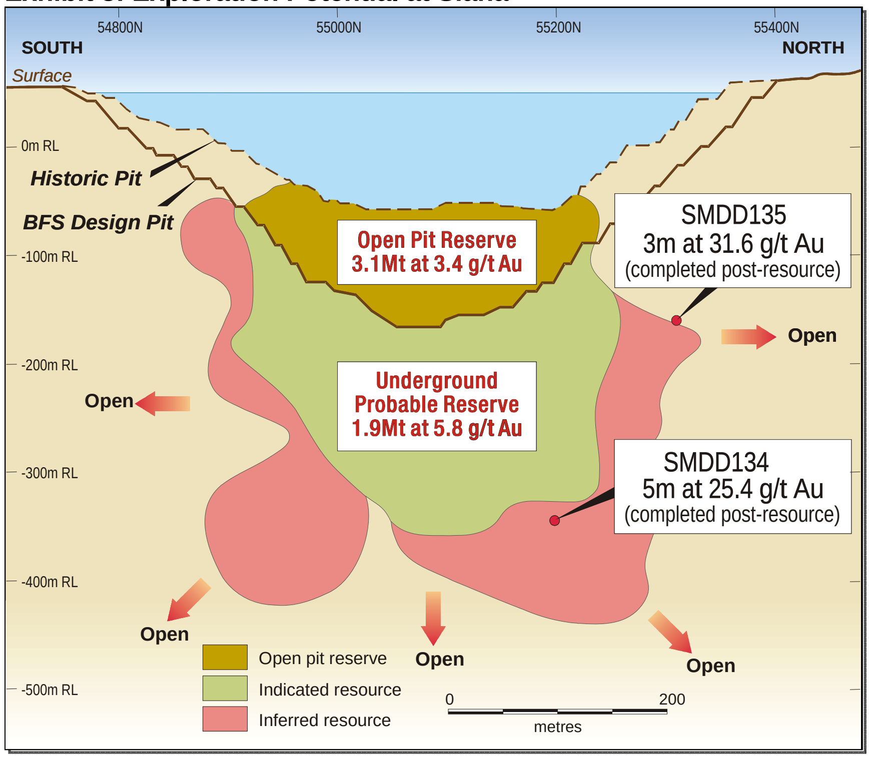
Exhibit 7: Resource Expansion Potential



Source: Company presentation

No exploratory drilling has taken place at Siana for more than two and a half years because the company has been focusing on defining resource and advancing the project toward its estimated September 2011 commissioning. In our opinion, the surrounding mineralization represents significant value to the shareholder that can become unlocked by further exploration drilling. Management has indicated that it intends to initiate exploration drilling on the property as production activities gradually make it easier for exploration activity to continue on them. The extent of the potential mineralization can be seen in Exhibit 8. Post resource definition exploration revealed high grade intercepts of 3m at 31.6 g/t Au, and 5m at 25.4 g/t Au.

Exhibit 8: Exploration Potential at Siana



Source: Company presentation

Red 5's Mapawa project is a gold-copper porphyry with upside potential. Located just 25km north of Siana, we believe Mapawa is a highly prospective gold-copper porphyry project with significant exploration upside potential. Drilling highlights include 254m at 1.2 g/t gold, 0.16% Cu, and 189m at 1.0g/t gold with 0.17% Cu. The Company has 3 drill rigs at Mapawa and plans to spend $10mm on exploration during CY 2011. Any plans to bring Mapawa forward to a JORC-compliant resource or move towards production are almost wholly dependent on the outcome of the 2011 drilling program.

Exploration progress at Mapawa has been delayed by multiple factors. First, over a meter of rain has fallen on the Mapawa project during the months of January and February. This has delayed drilling activities. Because Mapawa is a green field exploration project, work has been meaningfully delayed. The mechanisms that are in place to deal with the heavy rains at Siana are absent at Mapawa. In addition, other factors have contributed to the general slowdown of the work being done at Mapawa. First, the turnaround time for assays from the lab has increased from about 2 weeks to between 7 and 10 weeks. This dearth of data prohibits companies like Red 5 from actively managing drilling programs based on positive results. Second, a shortage of drill rods has prevented deep drilling from taking place, limiting the activities to surface exploration and ridge and spur sampling.

Financial Outlook

As of March 6, 2011, Red 5 had $75.2mm in cash and no debt. We believe Red 5 will be able to finance exploration and capital expenditure primarily out of cash reserves, and a potential gold loan for US$25mm should the company need to cover addition contingency costs to bring Siana to production. We estimate free cash flow at (US$27.1mm) in 2011 and US$64.5mm in 2012. We believe Red 5 will not need to raise additional capital unless potential value accretive M&A opportunities present themselves.

ANALYST CERTIFICATION

All of the views expressed in this report accurately reflect the personal views of the responsible individual(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible individual (s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible individual(s) in this report.

INVESTMENT OPINION RATINGS SYSTEM

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target. Casimir Capital L.P. employs a rating system based on the following:

- **Overweight**: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of outperformance relative to the market by at least 10% over the next 12 months.
- **Equal Weight**: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return relative to the market of between negative 10% and 10% over the next 12 months.
- **Underweight**: A security, which at the time the rating is instituted and or reiterated, indicates that we expect it to underperform the market by at least 10% over the next 12 months.
- **Not Rated**: A security which at the time the rating is instituted and or reiterated, indicates that we have no opinion or expectations as to the price of the security over the next 12 months.
- **Not Covered**: Casimir Capital L.P. does not have an opinion about this security.

Risk Ratings System

We utilize a three tier risk rating system: High, Average and Low. The system attempts to evaluate risk relative to a company's industrial sector. In addition to sector-specific criteria, quantitative and qualitative criteria are also utilized in choosing a rating. The criteria include predictability of financial results, share price volatility, credit ratings, share liquidity and balance sheet quality. Casimir Capital L.P. employs a risk rating system based on the following:

- **High:** A security, which at the time the rating is instituted and or reiterated, entails above average risk due to some or all of the following: financial leverage, restricted earnings and/or cash flow, high operating leverage or depressed industry fundamentals.
- **Average:** A security, which at the time the rating is instituted and or reiterated, entails average risk due to its: financial leverage operating leverage, operating earnings and industry fundamental.
- **Low:** A security, which at the time the rating is instituted and or reiterated, entails below average risk due to its low: financial leverage, operating leverage, strong operating earnings and/or strong industry fundamentals.

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Red 5 Limited ("the subject company") is currently a client of Casimir Capital L.P. and its affiliate Casimir Capital Ltd. and has been a client during the 12-month period preceding the date of distribution of this research report. During aforementioned period, Casimir Capital L.P. and its affiliate Casimir Capital Ltd. provided investment banking services to the subject company, acted as placement agent for the subject company and received compensation for these services from the subject company. Casimir Capital L.P. and its affiliate Casimir Capital Ltd. intend to seek compensation for investment banking services from the subject company during the next 3 months.

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Overweight: 76.5% (30.8% of which are investment banking clients), Equal Weight: 17.6% (0% of which are investment banking clients), Underweight: 0%, Not Rated: 5.9% (100% of which are investment banking clients).

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If supporting information is omitted from this report, the information will be made available upon request.

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