



ASX ACTIVITIES REPORT
3 months ended
31 December 2013

Red5 Limited

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

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

Steve Norregaard

Managing Director

(office) +61 8 9322 4455

(mob Ph) +63 9498 888 456

(mob Au) +61 448 395 012, or

Kevin Dundo

Chairman

(office) +61 8 9322 4455

Investor Inquiries:

info@red5limited.com

Address:

Level 2, 35 Ventnor Avenue

West Perth 6005

Western Australia

Tel: **(+61) 8 9322 4455**

Fax: **(+61) 8 9481 5950**

Web: www.red5limited.com

OVERVIEW

Siana Gold Project, Philippines

Operations

- Philippines Mines and Geosciences Bureau (MGB) fail to lift the Cease and Desist Order and required further documentation which was subsequently provided.
- Interim tailings dam design prepared by Knight Piesold and certified by GHD Pty Ltd was provided to the MGB.
- The Siana mine site remains on care and maintenance.
- Company commits to purchase critical plant items in preparation for restart of production.
- Detailed engineering for new tailings dam complete.

Finance

- Balance of the Credit Suisse secured loan facility repaid on 22 October 2013.
- The Company received a US\$2.5 million advance payment against the US\$10 million business interruption insurance claim relating to the tailings dam.
- Company remains debt free with no hedging or forex contracts.

Corporate

- Company resumed trading on the ASX from 1 November 2013.
- Shares on issue post capital raising total 759,451,008.

Post period end

- The Company received an additional US\$7.35 million payment relating to the business interruption insurance claim. A balance of US\$0.15 million remains outstanding.
- Mr Mark Williams was appointed as a Non-Executive Director on 16 January 2014.

Steve Norregaard

Managing Director

31 January 2014

MANAGING DIRECTOR'S REVIEW

The Company continued with its care and maintenance activities at the Siana Mine site.

Work undertaken at the mine during the quarter related to;

- Ongoing in-pit and borehole pumping to maintain pit water levels;
- Borehole pumps were installed to the new dewatering bores. Awaiting connection to power;
- Completion of the design for interim tailings storage and associated process plant modifications;
- Ongoing metallurgical test work to better characterise ore types and improve milling recoveries;
- Civil works associated with the installation of a 4th 2MW Genset to replace the unit that was previously hired;
- Completion of design for the proposed diversion of the Dayano creek which passes within 50m of the southern wall of the open pit;
- Surface water drainage maintenance in anticipation of the rainy season (December through to March).

Cease and Desist Order

The mine hosted a second visit from members of the Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB) on 27 November 2013, the aim of which was to validate the findings of the independent expert into the TSF 4 tailings dam stability.

During December 2013, the Company together with our consultant tailings engineer conducted follow up presentations to key stakeholders in the Philippines illustrating the merits of the proposed interim tailings solution comprising a HDPE (high density polyethylene) lined starter dam designed to buttress both TSF 4 and TSF 3 tailings dams for long term stability followed by thickened paste tailings (with cement addition) to cap and further stabilise the entire TSF 3, TSF 4 and the HDPE lined tailing dams ensuring long term stability of the entire area.

The findings from the November site visit which was released after the end of the quarter required that:

- An independent certification that the TSF4 tailings dam can be used or re-commissioned as a tailings storage facility; and
- That a new tailings storage facility be constructed before the Company can resume operation.

The Company has provided the MGB with a certification from GHD Pty Ltd to address item (a) above and a design report for the HDPE lined tailing pond which was prepared by Knight Piesold and reviewed by AMH (Philippines) Inc. to address item (b) above.

The Company remains in ongoing dialogue with the EMB and MGB to provide information as is required for them to further consider the merits of our proposal to recommence mining and processing at Siana.

Capital Raising

With the capital raising approved at a meeting of shareholders held on 21 October 2013 to secure \$50 million before costs in addition to a successful share purchase plan raising a further \$12.4million, the Company is now adequately capitalised to recommence mining. This cash position has been further enhanced by the proceeds from our successful Business Interruption insurance claim. The Company received an initial down payment of US\$2.5 million during the quarter and a further US\$7.35 million received in January. A further US\$0.15 million remains outstanding.

Appointment of Non-Executive Director

Mark Williams was appointed as a non-executive director of Red 5 on 16 January 2014. Mr Williams is a graduate of the Camborne School of Mines with 20 years' experience in mining operations in a diverse range of open cut and underground environments. He has worked in developed markets of Australia, United Kingdom and New Zealand and emerging markets of Philippines, Vietnam and Thailand.

Until recently, Mr Williams was with GlencoreXstrata Plc as General Manager of the Tampakan Copper Gold Project based in the Philippines.

Mr Williams has agreed to also provide consultancy services to Red 5 in addition to his role as a non-executive director, on an as required basis and as approved by the Board, at a commercial daily rate.

Financial Summary

The Company spent \$1.18 million during to quarter on capital expenditure in order to secure the following critical capital items which are considered necessary upon restart of production:

- Bore pumps for the dewatering bores
- Additional generator for the power house
- 50 tonne all terrain crane
- Thickener plant

Of the \$6.2 million care and maintenance costs spent during the quarter, \$4.0 million related to payments made to outstanding creditors. The majority of these liabilities were incurred prior to the Siana mine going into care and maintenance.

Final termination payments were made to the majority of workers which were made redundant when the company ceased production due to the Cease and Desist Order.

Steve Norregaard

Managing Director

Financial Summary

	Quarter ending	
	Sep 2013	Dec 2013
	A\$m	A\$m
Sales Proceeds	0.0	0.0
Cost of Sales		
Care and Maintenance Costs	(2.2)	(1.9)
EBITDA from Operations	(2.2)	(1.9)
Depreciation and Amortisation	(0.1)	(0.1)
Net Earnings from Operations	(2.3)	(2.0)
Philippine and Australian Corporate costs	(1.0)	(1.0)
Net Earnings/(Loss)	(3.3)	(3.1)
Capital Expenditure		
Waste Stripping Costs	0.00	0.00
Plant and Equipment	0.06	1.18
Exploration	0.14	0.07

Tenement directory

Project	Tenement number	Registered holder	Equity interest	
			Red 5 Group	Other
Philippines				
Siana gold project	MPSA 184-2002-XIII	Greenstone	40%	SHIC 60%
	APSA 46-XIII	Greenstone	40%	SHIC 60%
Mapawa gold project	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%
Western Australia				
Montague	ML 57/429, ML 57/485		25% free carried	
No interests in mining tenements or farm-in or farm-out agreements were acquired or disposed of during the quarter.				
Abbreviations: Greenstone: Greenstone Resources Corporation; SHIC: Surigao Holdings and Investments Corporation; MPSA: Mineral Production Sharing Agreement; APSA: Application for MPSA; ML: Mining Lease				