



ASX REPORT TO SHAREHOLDERS

19 July 2013

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

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Red 5 to undertake rights issue to recommence production at Siana

Red 5 Limited (ASX:RED) (**Company or Red 5**) wishes to announce that it intends to raise up to \$47,420,802 (before costs) through a non-renounceable pro-rata entitlements offer (**Entitlements Offer**) to eligible shareholders on the following basis:

- 1 new share for every 1 share held;
- issue price is \$0.35 each per new share, representing a 43.5% discount to the closing price of the Company's shares on 24 April 2013, being the last day the Company's shares last traded on ASX;
- the minimum subscription under the Entitlements Offer is \$35,000,000; and
- the Entitlements Offer is not underwritten.

The Company has decided to present its shareholders with an opportunity to support the Company in this capital raising. Given the challenging environment for equity markets and the consequent offer discount being offered to shareholders, the Board considers that the appropriate course of action is to offer this opportunity to our supportive shareholder base in order to provide the Company with the necessary cash injection to repay the outstanding prepaid swap facility and implement interim tailings storage solutions which will lead to the recommencement of mining operations and gold production at the Siana mine. The Entitlements Offer will enable existing shareholders the opportunity to maintain or increase their holding in the Company on attractive terms.

The Board recognises the frustration shareholders are likely to have experienced in recent times and that in order to consider further investment, will want to know that a viable business plan has been developed to return the Company to gold production.

A prospectus dated 19 July 2013 for the Entitlements Offer has been lodged with ASIC. The prospectus contains further important information about the Entitlements Offer and is available at the ASX website (ASX:RED) or on the Company's website at www.red5limited.com.

continued overleaf

Cash position

The Company's current cash position is \$5.89m. The Company has held constructive discussions with its senior lender regarding the existing US\$25 million prepaid swap facility (Facility). By virtue of the Siana mine being placed on care and maintenance and not in production, the Company is deemed to be in breach under the Facility. Whilst the senior lender has not sought remedies under the Facility, it continues to reserve its rights. However, the Red 5 companies and the senior lender have now entered into a standstill agreement whereby the senior lender has agreed that until and including 15 September 2013, it will not call on the Facility; enforce payment of the Facility under the Facility agreement; and not seek any of the remedies available to it for non-payment of any amounts owing under the Facility.

Successful completion of the Entitlements Offer will allow the Company to reduce its gearing levels and re-structure its balance sheet. The Company's key objective is to return to gold production in the short-term and this is best achieved with a balance sheet that better matches its current circumstances.

Managing Director Steve Norregaard said:

"We have a solution for returning to production at Siana and a rights issue is the best way to ensure all shareholders who have seen the project come so far in recent years play an equal role in funding our short term capital needs. After the operator and contractor changes of earlier this year we have a quality asset in need of additional capital. Despite recent fluctuations in the gold market, Siana's fundamentals as a lowest quartile cost gold mine make it a very attractive asset. Returning to production is the best way to realise this value."

Interim tailings storage solutions

After extensive analysis of available tailing storage solutions for the Siana mine, the Company's focus has turned to the construction of a small interim lined storage pond constructed downstream from the existing tailings dam, which would provide tailings capacity for up to four months followed by a thickening and filtering system to create a cemented paste product which mixed with waste rock will provide a stable tailings and waste land form. This co-deposition storage method is able to accommodate a minimum 18 months of tailings storage prior to the ultimate completion of a new purpose built facility. This combination of deposition methods would potentially see the processing plant recommence operations by October 2013.

Shortfall

The Entitlements Offer prospectus will include an application form which will allow shareholders to apply for additional shares in excess of their pro-rata entitlement and to the extent that shareholders wish to subscribe for additional shares, we would encourage them to do so. A separate shortfall application form is also included in the prospectus should new investors wish to apply for shortfall shares, such allocation being subject to the discretion of the directors. The shortfall offer is a separate offer and will remain open for up to 3 months after the close of the Entitlements Offer. Entitlements are non-renounceable. This means that the rights to subscribe for new shares under the Entitlements Offer are not transferrable and there will be no trading of rights on ASX.

Shareholders who choose not to take up their entitlement will receive no value in respect of their entitlements and their shareholding in the Company will be diluted.

Timetable

The record date for entitlements under the Entitlements Offer is 30 July 2013 and the final date for the receipt of applications for shares pursuant to the Entitlements Offer is 20 August 2013 (these dates are subject to variation).

Red 5 announces intention to conduct the Entitlement Offer	19 July 2013
Prospectus and Appendix 3B lodged with ASIC and ASX (prior to ASX market open)	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 (5.00pm 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 (subject to ASX approval)	29 August 2013
Completion of the Shortfall Offer (if required)	20 November 2013

The timetable is indicative only and subject to change. Subject to Corporations Act and ASX Listing Rules, the Company reserves the right to vary the dates and times in connection with the Entitlements Offer, including the closing date, without prior notice.

Voluntary Suspension

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 Company is of the view that reinstatement of trading in its securities is likely to be materially prejudicial to the Company's ability to successfully complete the Entitlements Offer which is crucial to the entities continued financial viability. As such,

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. Whilst it is expected that trading in Red 5 securities will recommence shortly after the close of the Entitlements Offer, ASX, in consultation with the Company, will determine when the securities are reinstated.

Steve Norregaard
Managing Director