



## ASX Shareholders Report

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*Red 5 Limited is a publicly listed company on the ASX-ticker symbol RED.*

## PRE-FEASIBILITY STUDY - RESOURCE ESTIMATE

**Siana gold project resource increases 42 percent to 1.6 million ounces.**

Snowden Mining Industry Consultants (Snowden) has estimated a JORC compliant project resource of 35.4 million tonnes at 1.3 g/t (at 0.5 g/t cut-off) for 1.545 million contained ounces.

The estimate includes the thirty seven diamond holes drilled by Red 5 during the 2004 campaign. The model incorporates detailed evaluation of the Main Zone caved portion caused by previous mining.

A separate estimate for East Zone, which remains open to the north, east and at depth, is included.

Not included are results from the Boyongan Corridor, particularly Crackerjack, which is the subject of on-going exploration.

Hardrock Mining Consultants has estimated a tailings resource of 2.0 million tonnes at 0.8 g/t for 50,000 contained ounces, with 1.6 million tonnes still to be drilled.

The project resource estimate is scheduled to be updated in April 2005 by incorporating the final nine holes of the 2004 drill campaign (yet to be reported) and the remainder of the tailings dam drill programme. The update may also include low grade stockpiles that are the subject of a recently commenced evaluation programme.

**The pre-feasibility study continues on schedule with metallurgical testwork, hydrogeology and geotechnical evaluation nearing completion.**

**With the new resource estimate completed and various technical evaluations advancing the next focus will be project optimisation and financial modelling.**

**Greg Edwards**  
Managing Director  
24 January 2005

## Management Discussion and Analysis

### *Pre-Feasibility Resource*

Red 5 Limited has completed a pre-feasibility resource estimate for the Siana Gold Project that incorporates new diamond drill information from the 2004 drilling campaign in accordance with the ASX Listing Rules and JORC Code (Dec 2004 edition). This estimate confirms the Company's resource inventory for Siana and forms the basis for the ongoing project pre-feasibility study.

The East Zone mineralisation tested during 2004 has been reported separately as it is now recognised as a distinct zone. The pre-feasibility study will evaluate the impact of this zone.

The 2004 diamond drilling also successfully tested the material filling the old underground stope voids and demonstrated that these areas are substantially filled with caved remnant pillars and adjacent mineralisation. This caved material has been reported separately.

#### **Siana Gold Project Resource Statement at 0.5 g/t Au Cut Off - January 2005**

Category	Tonnes millions	Grade (g/t Au)	Au ozs '000
Inferred Resource East Zone	9.2	1.0	300
Indicated Resource East Zone	14.1	1.1	481
Inferred Resource Main Zone	5.8	2.0	370
Indicated Resource Main Zone	5.3	1.5	252
Indicated Resource Cave Zone	1.0	4.3	142
<b>Total Indicated</b>	<b>20.4</b>	<b>1.3</b>	<b>875</b>
<b>Total Inferred</b>	<b>15.0</b>	<b>1.4</b>	<b>670</b>
<b>Sub Total</b>	<b>35.4</b>	<b>1.3</b>	<b>1,545 *</b>
<b>Total Inferred Tailings Resource</b>	<b>2.0</b>	<b>0.8</b>	<b>50</b>
<b>Total Siana Gold Project Resource</b>	<b>37.4</b>	<b>1.3</b>	<b>1,595 *</b>

\* Estimation of contained ounces may not equal tonnes x grade due to rounding

Red 5 Limited believes that this Resource estimate conveys a fair and reasonable portrayal of the current resource status of the Siana Gold Project, and provides a solid foundation for ongoing project development. The geological model on which it is based is supported by a rigorously compiled project database, robust and reasonable geological interpretations, and is backed by appropriate professional judgment and experience from a multi-disciplinary resource estimation team.

The Siana Gold Project pre-feasibility study resource estimate was initiated in the last quarter of 2004 to incorporate all Red 5 Limited ("Red 5") drilling results obtained since the January 2004 resource estimation.

Work conducted during 2004 included a compilation of all available geological and historical production information into a high quality and rigorous project database, in parallel with ongoing exploration drilling.

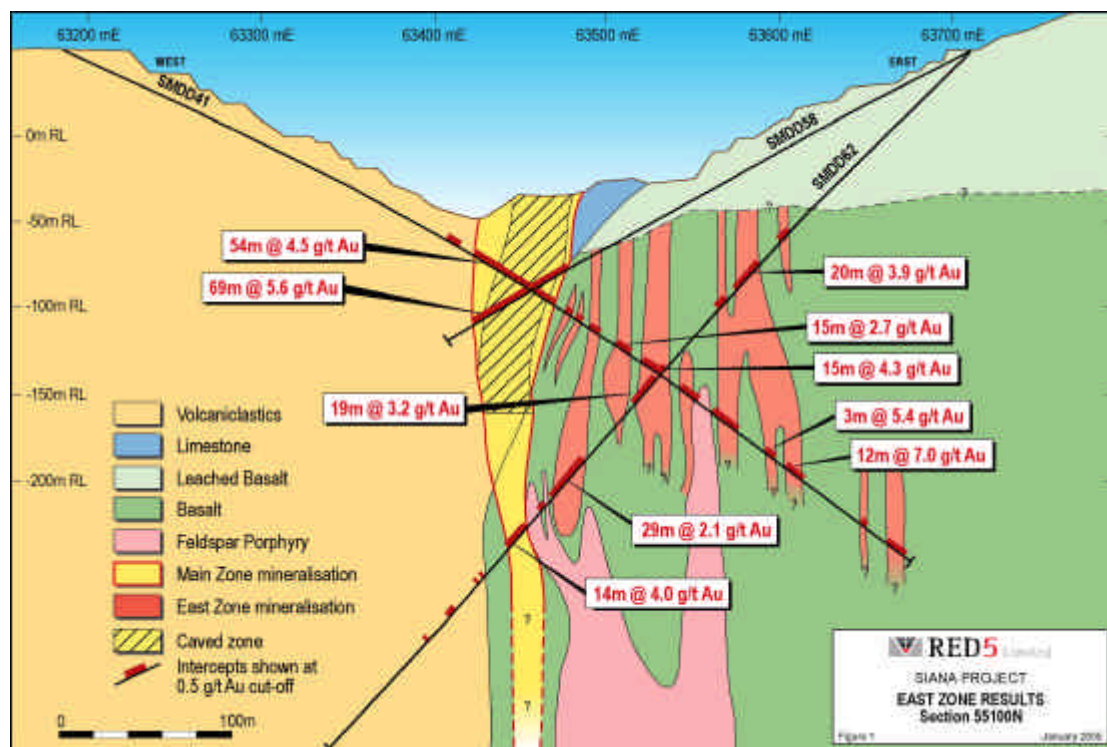
The interpretation of the mineralisation and its controls has been updated and forms the basis of this resource statement. An extensive bulk density data base for all rock and mineralisation types has been collected from measurements on drill core. A total of 12,570 bulk density determinations have been made during the 39 hole resource programme.

### **East Zone**

The 2004 exploration diamond drill testing of IP anomalies in the basalts has determined that the East Zone is more extensive than known previously, has a complex grade distribution and is a separate area of mineralisation as shown in Figure 1.

This resource estimate is preliminary pending assay results from an additional nine holes completed in late 2004. The limits of the East Zone to the north, east and at depth are as yet unknown.

In addition, minor mineralisation in this area within the porphyry rock type has been excluded from the resource estimate.



**Figure 1**  
**Cross section (55100N) – Siana Gold Project January 2005**

### ***Cave Zone***

The estimation of resources in the previous underground mining area has been a focus of the updated estimate. This work confirmed that:

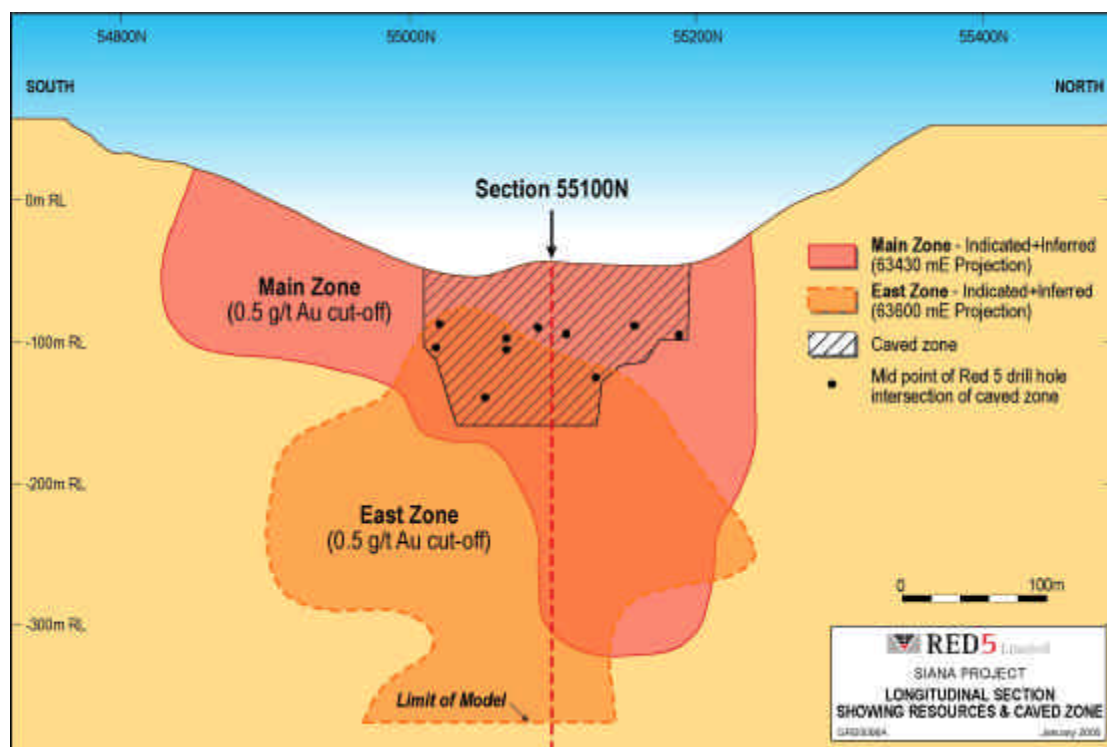
- The gold mineralisation is contained within structurally controlled bodies within three main lithological units and consists of altered rock that contains central higher grade shoots surrounded by lower grade material,
- Previous production from underground mining was confined to the higher grade shoots, which were mined historically at an average head grade of 12 g/t Au,
- The underground mining method left the stopes mainly unfilled and the residual crown and rib pillars of the stoping area together with adjacent mineralisation have subsequently caved into the stopes,
- The caved zone reached the surface,
- Subsequent open pit production has mined lower grade portions of the resource, remnants of the cave-filled stopes and the caved area, and
- The historical open pit mine records show the average head grade was 3.3g/t Au.

The cave area has been three dimensionally modelled as a continuous zone based on linking the re-constructed outline of stopes through to the current surface (base of the old open pit) as shown schematically in Figure 2.

In 2004 Red 5 diamond drill holes tested both in situ mineralisation and the stope caved area. HQ and PQ triple tube diamond drilling techniques were used with heavy mud fluids which were specifically designed to ensure maximum sample recovery. This approach was successful in achieving high sample recoveries. Overall recovery in the Cave Zone averaged 83 percent, indicating a maximum void space of approximately 17 percent (including mine timbers).

Ten Red 5 diamond drill holes, as shown in Figure 2, deliberately intersected and passed through the cave area. The drilling through the cave area has confirmed its close relationship with the previous underground stopes and that these stopes are substantially tightly filled with a mixture of crown and rib pillar remnants, adjacent mineralisation, fine silts and stope support timber.

The previous open pit operation also recorded that these old stoped areas were substantially filled with these materials.



**Figure 2**  
**Longitudinal Projection – Siana Resources January 2005**

### ***Siana Gold Deposit Resource Estimation***

Snowden Mining Industry Consultants Pty Ltd (Snowden) independently audited the data collection, sampling and assaying procedures prior to commencing the resource estimate. Snowden has, on behalf of Red 5, constructed a three dimensional resource model for the estimation of resources contained in the Siana Project.

The resource is based on a set of interpreted domains defining lithological units hosting the mineralisation. Red 5 interpreted all boundaries for the domains based on all available data including drilling undertaken by Red 5, historical drill data and production records from previous mining.

Snowden estimated gold values into a resource block model using top-cut ordinary kriging, constrained by the supplied domains. All domains were treated as hard grade boundaries, only being informed by data from within the relevant domain. Search ellipses and ranges used in the estimation reflect the spatial continuity and geological trends of each domain.

Only Red 5 diamond drill data was used to estimate the resource, except in the central area adjacent to the caved zone. Blocks not informed by the initial interpolation using Red 5 data were then interpolated using Red 5 and historical surface drill data intersecting the domain. Blocks informed by the combined data sets were classified as Inferred, reflecting the lower confidence in the quality of the historical data.

Bulk density values applied to the cave domain were reduced to reflect the expected and recorded occurrence of voids.

The resource estimate was classified in accordance with the JORC Code (2004) based on the geostatistical characteristics of the gold data, sample spacing, and validation of the model against the data used to inform it.

**Resource Statement for Siana at 0.5g/t Au Cut Off - January 2005**

Category	Tonnes millions	Grade (g/t Au)	Au ozs '000
Inferred Resource East Zone	9.2	1.0	300
Indicated Resource East Zone	14.1	1.1	481
Inferred Resource Main Zone	5.8	2.0	370
Indicated Resource Main Zone	5.3	1.5	252
Indicated Resource Cave Zone	1.0	4.3	142
<b>Total Indicated</b>	<b>20.4</b>	<b>1.3</b>	<b>875</b>
<b>Total Inferred</b>	<b>15.0</b>	<b>1.4</b>	<b>670</b>
<b>Total</b>	<b>35.4</b>	<b>1.3</b>	<b>1,545 *</b>

\* Estimation of contained ounces may not equal tonnes x grade due to rounding

**Resource Statement for Siana at 1.25 g/t Cut Off - January 2005**

Category	Tonnes millions	Grade (g/t Au)	Au ozs '000
Inferred Resource East Zone	2.2	1.8	130
Indicated Resource East Zone	3.7	1.8	221
Inferred Resource Main Zone	2.8	3.2	280
Indicated Resource Main Zone	2.3	2.3	173
Indicated Resource Cave Zone	1.0	4.3	142
<b>Total Indicated</b>	<b>7.0</b>	<b>2.4</b>	<b>536</b>
<b>Total Inferred</b>	<b>5.0</b>	<b>2.5</b>	<b>410</b>
<b>Total</b>	<b>12.0</b>	<b>2.5</b>	<b>946 *</b>

\* Estimation of contained ounces may not equal tonnes x grade due to rounding

Exploration and assessment expenditure to date exceeds A\$5.9 million, including the cost of a positive scoping study completed in last quarter 2004 that used the January 2004 resource estimate for preliminary project planning.

***Siana Tailings Resource Estimate***

An assessment of the gold contained within three tailings dams at Siana by Hardrock Mining Consultants is partially complete. Approximately fifty five percent of the tailings has been tested by air core drilling for an Inferred Resource of 2.0 million tonnes at 0.8 g/t Au (50,000 contained ounces). The estimate utilised bottom and top cuts of 0.5g/t and 2.8g/t respectively using an inverse distance interpolation technique. Only those areas drilled to date are reported as resources and approximately 1.6 million tonnes of tailings remains to be drill tested by Red 5.



Additional requirements include infill drilling, determination of bulk density, and metallurgical testing to determine recovery characteristics. This work is planned for completion by the June quarter 2005.

### ***Current and Future Work Programmes***

Investigation of the gold content of low grade stockpiles from the historic open pit is in progress with sizing and gold distribution studies of a number of bulk samples underway. An additional project resource estimate that incorporates the drilling data completed since SMDD065 will be completed prior to April 2005. This estimation will include more detailed alteration and structural modelling to be included in final mine planning and exploration targeting (outside of the current resource).

Detailed metallurgical testing of core samples from Red 5 resource drilling is well advanced, as are studies of hydrogeology and geotechnical aspects of the mine area. Optimisation studies and financial modelling of the current resource using indicative metal recoveries from the metallurgical work and benchmark operating costs are planned for completion by the end of March 2005.

Importantly, an Environmental Impact Assessment (EIA) has commenced at an early stage in the pre-feasibility process, prior to preparation of a detailed Environmental Impact Statement (EIS).

Follow-up diamond drilling will be conducted when results from Crackerjack and the final in-pit resource holes have been received and additional brownfields drilling will be conducted in the near mine area on selected exploration targets during the March and June quarters.

In the Alegria area located six kilometres to the south of Siana, surveyed gridding and soil geochemical sampling is nearing completion as part of an extensive ground magnetic and dipole-dipole IP geophysical survey over the Madja porphyry copper-gold prospect. Drill targets will likely be tested in the June quarter.

Further information on the Siana Gold Project is available on the company's website at [www.red5limited.com](http://www.red5limited.com)

*The information in this Public Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on, and accurately reflects, information compiled by Mr. D.W. Milton of Hardrock Mining Consultants and Mr. Michael Andrew of Snowden Mining Industry Consultants Pty Ltd. who are a Members of The Australasian Institute of Mining and Metallurgy. Mr Milton and Mr. Andrew have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Milton and Mr. Andrew consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

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