



**ASX REPORT TO
SHAREHOLDERS**

17 January 2014

Red5 Limited

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

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Cease and Desist Order - Update

As noted in the announcement on 14 January 2014, certain matters were seen by the Philippine Mining and Geosciences Bureau (**MGB**) to be outstanding in relation to the lifting of the Cease and Desist Order, namely:

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

The Company is pleased to advise that, in its view, (a) above has now been fulfilled and that a plan to satisfy (b) above has been developed and has been submitted to the MGB.

Civil engineers, GHD Pty Ltd (**GHD**), the tailings dam designer and overseer for the TSF4 dam construction and the subsequent rehabilitation of TSF4 to its current stable status, has now provided certification that the proposed interim tailings storage system (designed by engineering firm, Knight Piésold) is acceptable.

This specifically addresses the issue of the suitability of TSF4 to accept tailings. The design report contemplates tailings being thickened to remove water and the tailings then mixed with cement prior to being deposited in TSF4. This process GHD agrees and endorses as being feasible for the long term stability of TSF4. This endorsement has now been provided to the MGB.

The proposed interim tailings storage system provides for the construction and filling of a new HDPE (High Density Polyethylene) lined tailings dam downstream from TSF4. This is designed in such a way to enhance long term stability of the walls of both TSF4 and the adjacent TSF3. Upon filling, this dam subsequently becomes one of three cells designed to handle campaigns of thickened cemented tails encompassed within an outer embankment of mine waste.

The design report, prepared by Knight Piésold and reviewed by a Philippine registered engineering firm, AMH (Philippines) Inc., has been provided to the MGB.

The Company continues to have dialogue with the MGB to assure them that resumption of mining and milling will be done with environmental protection at the forefront.

The Company will provide further updates in due course.

Steve Norregaard

Managing Director