



Annual General Meeting 28 November 2013

Red5 Limited

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

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Chairman's Address

The operational performance, the tailings dam wall compromise in April 2013, and addressing the Company's financial position have been previously documented. My intention therefore, is to review the situation now in front of us.

Before I do so, however, the re-capitalisation of the Company which was recently completed, is worthy of additional commentary. The fact that \$62 million was raised in the circumstances is extraordinary. On the macro front, the gold price was in retreat and the sentiment towards gold equities was similar. Gold backed ETF holdings are at their lowest since April 2010. The largest ETF, SPDR Gold Shares, which is listed on the NYSE, has seen an outflow of 485 tonnes of gold this year, a reduction in their holdings by 36%. And, the gold price is a massive US\$507 per ounce lower than this time last year.

On the micro front, the Company was in default with its senior lender, the mine operation had been suspended with the majority of the work force let go, the earth moving contractor had demobilised and the Mines and Geosciences Bureau, the Filipino mines regulator, had issued a Cease-and-Desist Order. The remaining operations staff also needed to develop a solution for tailings storage and then complete the associated technical and engineering work. In aggregate, this represents considerable cumulative risk with respect to cost and timing for any investor. Corporates conducted site visits and completed detailed due diligence but also noted the risks in returning the mine to operational status.

The Company received strong support across the shareholder base. The majority of the institutional shareholders supported the raise, with several adding significantly to their positions. New institutions, domiciled in Australia, Europe and Hong Kong joined the register. Our institutional shareholder base would be the envy of companies many times our size and, with unblemished production histories. Support from private shareholders was also strong with nearly 500 participating in the Share Purchase Plan, a number of whom also participated in the shortfall uptake. Post our re-listing on 1 November 2013, shareholder numbers have increased.

As we go to press, the Cease-and-Desist Order is still in place. There has been no physical movement for the last seven months on the former compromised tailings wall. The Company has provided all of the technical data required to demonstrate the applicability of proposals for the future storage of tailings. The proposals advanced, namely: the HDPE lining of dams and the co-deposition of waste and cemented tails to form a stable water shedding feature may even become a new best practice in a country where rainfall is high.

CHAIRMAN'S ADDRESS *(continued)*

We have the unequivocal support of the seven barangay captains, whose communities are closest to the mine, and we have the demonstrable support of the region's Congressman. Locals demonstrated in front of the Mines and Geosciences Bureau in Surigao last week demanding that the Cease-and-Desist Order be lifted. We are in daily contact with the central office in Manila. However, as time passes without the Order being lifted, the closer we get to the start of the wet season.

What is the Red5 share value proposition? The market capitalisation today is \$57 million. The net cash, after allowing for the full payment of all creditors, but pre allowance for business interruption insurance proceeds, is \$35 million. There is no debt, no gold hedging contracts and no FX contracts. This places an enterprise value on the Siana deposit, commissioned mine and processing plant, site infrastructure including a 6MW power station, and exploration ground which includes 12km of strike along the most prolific geological structure in the Philippines, of only \$22 million.

The Company is ready to recommence gold production activities. The earthmoving contractor is ready to re-mobilise and grid power infrastructure is now in place. There is an eager workforce and there is ore on the stockpile.

I should conclude by thanking my fellow directors and management for the many extra yards committed to preserving the asset value of the business and its re-capitalisation in the last twelve months. I also advise that I retire from the board at the conclusion of the meeting. I sincerely thank all of the shareholders who have supported the development of the Siana mine and trust that your expectations come to fruition in the near future.

Colin G Jackson
Chairman

CORPORATE INFORMATION

Directors and Executive Management

Colin Jackson *(Chairman)*
Steve Norregaard *(Managing Director)*
Kevin Dundo *(Non-executive Director)*
Mark Milazzo *(Non-executive Director)*
Joe Mobilia *(Chief Financial Officer)*
Frank Campagna *(Company Secretary)*
Lolot Manigsaca *(Philippines Finance)*

Registered Office

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Stock Exchange Listing

Australian Stock Exchange
Ticker Symbol: RED

Issued Capital

Issued capital – 759,451,008 shares
Unlisted options – 220,000

Share Price

\$0.07

Substantial Shareholders

Baker Steel Capital Managers 19.8%
Franklin Templeton 12.0%
Acorn Capital 6.6%
Colonial First State 5.6%

Shareholder Enquiries

Matters related to shares held, change of address and tax file numbers should be directed to:

Securities Transfer Registrar
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