



Red5 Limited ABN 73 068 647 610

ASX REPORT TO SHAREHOLDERS

24 March 2011

Red5 Limited

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

*The Board strategy is to
focus on the development
of Siana.*

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this report and company
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Financing and Siana gold mine build update

The Company has agreed a US\$8 million standby credit facility with Sprott Resource Lending Partnership replacing the previously announced US\$25 million gold prepay with Sprott Group.

The Siana gold mine build (together with working capital requirements and exploration programmes) is fully funded to production status. However, the Board believed it prudent to guarantee access to additional funding in the light of the continued heavy rains during the construction activities and due to recent global events.

Existing treasury funds total A\$67.7 million with a further A\$51.4 million forecast to be invoiced on the Siana build which would bring the capital cost to first gold pour to US\$78.2 million.

Heavy rain has continued through March further postponing the major crusher and SAG mill concrete pours which are now 8 weeks behind schedule. The rainfall, according to the Surigao government recording station, totals 3.5 metres for the first twelve weeks of this year (203% above average), and has caused numerous cancellations to the National airline jet services to Northern Mindanao.

The Sprott Resource Lending non-revolving standby facility is for 24 months maturing on 31 March 2013. Amounts drawn may be repaid early with no penalty. Red5 will issue 5.0 million shares (subject to a four month hold) in lieu of an establishment fee. Sprott Group is a substantial shareholder in the Company holding in excess of 5% of the current issued capital. A commercial break fee was also paid in cash to extinguish the gold prepay commitment.

Final interviews for the remaining two senior positions on site and for new board members will be conducted in the next fortnight.

As stated previously, the Company will forecast a revised inaugural gold pour date once the major concrete pours have been completed, cured and certified.

Greg Edwards
Managing Director