



## ASX Shareholders Report

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

## ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

*The following address was delivered by Mr Nicholas Smith at the Annual General Meeting held on 24 November 2004.*

**By any measure, Red 5 Limited enjoyed a very successful year. Continued exploration success has extended Siana Main Zone, and discovered East Zone and the Madja copper-gold-porphry.**

**Four rigs operated continuously and a record 16,660 metres was drilled in 40 holes.**

The Company earned an 80 per cent beneficial interest in the project, and was granted the first Free and Prior Informed Consent Compliance Certificate.

The Scoping study was completed and the financial capacity of the Company strengthened with treasury cash standing at \$11 million following the support of existing shareholders and the introduction of new shareholders.

The market capitalisation is now \$45 million, an 81 per cent increase on this time last year – due to an increase in the issued capital and a 33 percent increase in the share price. To put this into context, the Australian Gold Council Explorers Index increased by only 5.5 percent over the same period.

The Company remains confident a viable operation at Siana can be developed. The consistency of Main Zone intersections, 33 metres at 5.3 g/t, 54 metres at 4.5 g/t, 41 metres at 5.0 g/t plus others, demonstrate the probability of above average tonnes and ounces per vertical metre.

The Board expanded from three to five, with Colin Jackson joining after the AGM last year, and more recently we welcomed Peter Rowe. This reflects the changing status of the Company business advancing from pure exploration to project evaluation and mine development.



We also welcomed an additional substantial shareholder to the register. AngloGold Ashanti, a company with 22 gold mines in eleven countries, forecast production next year of 7.0 million ounces, reserves of 84 million ounces and an exploration budget of US\$71 million this year, are a 12.3 percent shareholder. Our relationship extends to a strategic alliance, technical assistance and possible future joint ventures.

The Board is also mindful of many individuals, some with substantial share positions, who form a vitally interested and loyal investor group.

There is still much unfinished business on the exploration front. A fact clearly demonstrated by the magnitude of potential AngloGold Ashanti expenditure requirements on three separate areas – the Madja copper-gold porphyry, the Mapawa area and Siana outer targets.

Importantly, the \$5.5 million received from the AngloGold Ashanti placement is to be exclusively directed to exploration outside the Siana pit development area.

I trust shareholders have had the opportunity to read the Annual Report – in particular, the extracts from fourteen years ago, titled “A proud history and fond memories”.

I believe this captures why the Company operates with such confidence at Siana.

We have a supportive community. Many grew up during the period SURICON operated the former underground and open cut mine, and remember the educational, health, sporting and business benefits associated with the operating phase. It is the intention of Red 5 to sponsor permanent businesses that will prosper post mining at Siana.

In summary, a most satisfactory year.

Shareholders I suspect are, however, far more interested in the future and particularly the immediate future.

Our absolute focus for the next twelve months is completion of both the pre-feasibility study and the bankable feasibility study.

Current activity is based on the findings of the Scoping Study, completed last month. The project, as currently defined, comprises a pit to 180 metres depth and a treatment plant throughput rate of 1.25 million tonnes per annum producing between 120,000 and 130,000 ounces.

The pre-feasibility study has already commenced with an authorised budget expenditure of US\$1.68 million and a target completion date of March 2005.



Management and respected consultants are currently engaged in activities to further reduce capital and operating cost estimates.

This includes detailed evaluation of the potential to steepen the pit walls; evaluation of the tailings dam to determine whether there is the possibility of early ounces, and significant metallurgical test work to precisely determine power consumption and the potential for cheap ounces using gravity separation.

A new resource estimate is also due shortly. This will undoubtedly require further updating towards the end of the financial year to incorporate results from the new East Zone (north).

Recent drilling within the pit design perimeter has identified a strongly mineralised multiple lode system. The strike is over 120 metres and remains open to the north. Intersections of 3 metres at 19.7 g/t, 20 metres at 3.9g/t, 19 metres at 3.2g/t and others occur at depths of 90-235 metres below surface

Falling within the current pit design, we can anticipate potential increases to the in-pit resource and possibly decreases to the waste-to-ore strip ratio leading to improved economics.

Each of the East Zone targeted holes also intersected Main Zone, with a recent result –28 metres at 9.3g/t occurring 180 metres below the current pit floor and 50 metres below our previous deepest intersection.

This morning we released intersection results, 13 metres at 7.5g/t and 26 metres at 6.9g/t which are at similar depths, 120 metres to the north. Clearly the widths and grade suggest a potential extension to the overall resource.

We recently mobilised a fifth rig. This is an aircore rig primarily engaged in the tailings dam evaluation programme and sterilisation drilling at the selected plant site.

Of the original four rigs, one has been moved back to exploration targets along the Boyongan Corridor for the first time in six months. Another is targeting a new area, the north north-east structural corridor. Success here could add yet another dimension to the Siana project.

**The current twelve months will be an exceptionally busy period for the Company, but also I trust very rewarding for shareholders.**