



**ASX ACTIVITIES REPORT**  
**3 months ended**  
**31 December 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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directed to:

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**OVERVIEW**

**Siana Gold Project, Philippines**

- Capital cost final forecast, including recent modifications and commissioning, estimated at US\$87.0 million
- Process plant build status is now complete
  - primary construction crews and mobile plant demobilised, minor infrastructure civils – junior staff accommodation, mess and road network nearing completion
- Power plant (stand-by) engines synchronised
- Commissioning proceeding in the hands of specialist commissioning engineers and Company operating staff
  - successful changes made at transfer points to overcome materials handling issues with sticky ore
  - delayed gold pour imminent
- Pre-strip and cut-back movement – 1.4 million bcm, 14% above budget (2.9 million bcm year-to-date, 11% above budget)
- Box cut at bottom of existing pit to commence shortly

**Exploration**

- Three Siana north-western resource extension holes, three southern Siana resource holes and two regional holes complete, with some results outstanding. Results to hand include 4m at 10.6g/t and 3m at 10.9g/t. Two drill rigs remain on site to follow-up resource extension results.

**Finance**

- Cash position (no debt) \$20.8 million (unaudited) at period close with a further US\$10 million in mine build costs forecast to be presented in the March 2012 quarter.
- Sprott US\$8.0 million facility undrawn with last draw down date extended to 31 May 2012 at no additional cost
- Royalty (Mt Cattlin tantalum ore) revenue of \$289,042 received from Galaxy Resources Limited

**Corporate**

- Franklin Resources, Inc. (San Francisco) becomes substantial shareholder with 5.15% holding, Mathews Capital Partners ceases to be substantial shareholder
- Ten-for-one consolidation of shares effective 9 December 2011
- New Constitution approved by shareholders at 23 November 2011 AGM

**Greg Edwards**

*Managing Director*

30 January 2012

## CHAIRMAN'S REVIEW

### Gold pour delayed, but now imminent.

Shareholders have become naturally anxious and frustrated at the delayed gold pour, so let me provide you with an update.

As noted in the recent ASX releases dated 14 and 28 December 2011, the plant operations encountered a series of issues that are not uncommon during commissioning.

An early issue with the supply of power from our own 6MW diesel fired station was resolved once the automatic voltage (overload) regulators were redesigned and all three units were synchronised allowing power sharing to provide a consistent supply.

The next issue to be addressed was materials handling at the crusher and pre-SAG mill transfer points. Unlike typical West Australian gold ore which is hard, abrasive and dusty due usually to the quartz content, Siana ore is soft and comprises argillised, clay-rich material. The benefit from a Red5 perspective is lower power consumption in crushing and grinding to liberate the gold, and much lower wear rates.

The downside is that our ore when wet is sticky and can exhibit a consistency akin to plasticine or toothpaste which can result in the material hanging-up and defying gravity. There is no guaranteed way of designing for these issues and solutions often require a degree of trial and error.

These solutions are now in place, with the cost of materials to effect the changes, negligible.

The ore we are currently treating, 20 year old low grade stockpiles, is probably the most difficult we will encounter from a materials handling perspective.

However, we should not assume that ore from the pit, some of which has been under 100 metres of water for the last twenty years, will behave any better. It is essential to establish a robust operating design as modern plants often include sophisticated automation (88% of the 863 controllers are now operational) to reduce operating staff numbers and to allow performance increases to be achieved against a background comprising many variables.

During commissioning the automation can be a complication. It was essential to get the materials handling issues solved as the SAG mill will automatically stop if there is no feed on the belt for ten minutes.

With materials handling issues resolved and the introduction of pit ore, run times are improving each day. The crusher has demonstrated it can now produce at 150% of its initial design capacity (750,000 tonnes per annum, dry ore basis). Similarly, the pre-SAG mill transfer system has produced above the initial design capacity of 2,000 tonnes in a day.

Gold is building up on the carbon and will be stripped soon. Carbon harvesting has been on-going as part of the commissioning for the past week.

Importantly, our existing treasury position can comfortably deal with the delay in gold revenue. Fortunately, we have no debt or gold hedge delivery schedule. As a matter of risk mitigation we also negotiated with Sprott to extend the latest drawdown date of the credit facility, should it be needed.

**Colin G Jackson**  
*Chairman*



SAG Mill conveyor feeder skirt board



SAG Mill conveyor feeder

## PLANT COMMISSIONING

The large contingent of equipment vendor commissioning specialists completed their assignments by mid-December and the plant was handed over to Company operations staff complemented by commissioning specialists from Independent Metallurgical Operations.

The commissioning plan was to process existing Siana and Mapawa low grade stockpiles until the plant was bedded-in and then to introduce ore from a boxcut at the base of the pit and from upper benches exposed during the cutbacks.

The treatment of Mapawa material was discontinued early during the commissioning phase due to a high volume of ancillary heavy minerals reporting to the gravity circuit and a build-up of soluble copper on the carbon.

Discontinuous power delivery was eventually solved by a redesign of the automatic voltage regulators and currently two of the three 2MW generators supply all the power requirements to the processing plant, the third being a standby unit.

The Siana ore exhibited sticky characteristics, possibly due to being exposed to the high rainfall over twenty years and resulted in significant materials handling issues including discontinuous flow rates and high spillage rates at the crusher and pre-SAG mill transfer points. These were finally resolved satisfactorily during the third week in January 2012 at modest cost.

Bull nose bars were added to the Jacques 8 metre by 1.2 metre apron feeder to control the bed height presentation to the crusher, rubber skirts around the surge bin conveyor was supplemented with steel skirts, and the feed rate from the surge bin to the SAG mill conveyor feeder was controlled using a pendulum weight box to present a more consistent volume of material to the SAG mill conveyor.

Throughput tonnage rates have increased significantly and spillage rates have markedly reduced. The only planned modification in the future is the possible replacement of the rubber conveyor under the surge bin with a steel conveyor apron feeder. This would only occur once a 750,000 tonne per annum throughput rate was achieved.

Extra mitigating, low-cost additions are planned on the crusher and surge bin areas to further improve the transfer rates to above the design criteria.

The SAG mill and CIL circuits are performing to expectations and have consistently treated all ore presented.

The cyanide detoxification circuit is achieving design criteria discharge levels in line with the Company's environmental commitments.

Other elements of the back-end of the processing plant including the carbon harvest, acid wash, elution, electrowinning, gold room furnace, mercury retort and tailings discharge systems have been successfully commissioned. Minor modifications will be made to the carbon transfer to elution system in the future to improve transfer times. The only outstanding equipment to be commissioned is the TAC Cyanide Analyser that is used to optimise cyanide levels beyond the operational ramp-up. This will be commissioned during February 2012.

## EXPLORATION

Three holes were completed from the eastern side of the pit targeting the down-dip extensions to the mineralised resource panels at Siana. Results indicated the continuation of mineralisation at depth.

SMDD143 intersected several zones of alteration and mineralisation of Panels 4 – 10 material in the Eastern Basalt before encountering the altered limestone unit that hosts the majority of the Siana Gold Deposit. SMDD145 recorded similar alteration, lithologies and mineralisation to SMDD143 approximately 80 metres to the north. Results are tabulated below.

SMDD148, targeting the main limestone unit approximately 100 metres up dip of SMDD145, was completed to a total depth of 696 metres (as a wedge SMDD148b) and results are awaited.

The discovery of a previously untested high-grade structure in the northeast of the Siana pit cutback will be drill targeted in the forthcoming quarter. This mineralisation represents one of the eastern resource panels (likely to be Panel 8) which was unable to be drilled due to unsuitable drill angles when the open pit was filled with water. Channel sampling in the open pit in this area has recorded high-grade gold results with several samples over 100g/t gold and high of 847g/t gold.

Regional drill testing to the south of Siana in the Dayano region was conducted with five drill holes completed. SMDD146 and SMDD147 were drilled targeting the limestone – basalt contact, the favourable environment for Siana resource Panels 1 -3. A follow-up hole (SMDD149) was completed to effectively test this target. SMDD150 was drilled to test a similar structural target along the predominant regional northwest – southeast structure and to follow up gold anomalous soil samples. No significant assay results were returned for SMDD146 and SMDD147 and assay results for SMDD149 and SMDD150 are awaited.

Detailed soil sampling and reconnaissance has also been conducted in the Dayano and Ferrer region to the south of the Siana deposit. Results received have been encouraging with gold in soils of up to 470 ppb and up to 9.1g/t gold in rock chip samples. The focus for the next quarter will be to the northwest and northeast of the Siana mine where structural repetitions similar to Siana deposit are inferred.

Hole No.	Significant Intersections above 1g/t gold cut-off				
	From (m)	Interval (m)	Gold (g/t)	Silver (ppm)	
SMDD143	291	4	3.3	2.0	
	324	1	12.2	0.7	
	562	4	10.6	3.4	
	583	3	10.9	5.2	
SMDD144	No significant results				
SMDD145	479	4	9.8	1.0	
	<i>including</i>	479	2	18.2	1.7
	654	3	7.1	5.6	
SMDD146	No significant results				
SMDD147	No significant results				

Hole No.	Collar				
	Easting (m)	Northing (m)	mRL	Azimuth	Dip
SMDD143	63820	54996	65	270	-60
SMDD145	63866	55064	75	270	-63
SMDD146	63381	53953	46	270	-60
SMDD147	63732	54150	58	60	-45
SMDD148	63864	55105	85	270	-53
SMDD149	63773	54174	56	60	-55
SMDD150	63465	54468	53	50	-55



Siana near-mine and regional drilling activity for the period

## Competent Person Declaration

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 Rohan D Williams who is a full-time employee of Red 5 Limited and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 (the JORC Code). Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## CORPORATE INFORMATION

### Directors and Executive Management

Colin Jackson (Chairman)  
 Greg Edwards (Managing Director)  
 Gary Scanlan (Non-executive Director)  
 Kevin Dundo (Non-executive Director)  
 Mark Milazzo (Non-executive Director)  
 Joe Mobilia (Chief Financial Officer)  
 David Jerdin (Project Director)  
 Ron Pyatt (Operations Director)  
 Rohan Williams (Group Exploration)  
 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 – 128,412,536 shares  
 Unlisted options – 210,000

### Share Price Range

\$1.46 to \$2.34

### Substantial Shareholders

Baker Steel Capital Managers 8.6%  
 Sprott Asset Management 5.4%  
 Franklin Resources Inc. 5.2%

### Shareholder Enquiries

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

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 770 Canning Hwy Applecross WA 6153  
 Telephone: +61 8 9315 2333  
 Facsimile: +61 8 9315 2233