

22 April 2016

March 2016 Quarterly Activities Report

Siana Gold Project continuing to deliver to plan; updated underground resource model underpins Underground Feasibility Study; new phase of drilling commences

Highlights

Operations – Siana Gold Project, Philippines

- Planned maintenance of the Siana processing plant successfully completed during January-February 2016 with the plant being shut-down for a total of 33 days during the Quarter.
- 9,448 oz recovered for the Quarter (December 2015 Quarter: 14,431 oz) and gold sales of 10,365 oz (December 2015 Quarter: 14,762 oz).
- FY 2016 year-to-date production is 41,616 oz.
- Reconciliation of ore tonnes and grade continues to exceed expectations.
- A total of 269,068 tonnes at 2.66 g/t Au of ore and 852,386 bank cubic metres (BCM) of waste was moved ex-pit during the Quarter.
- Ore stockpiles at Quarter-end of 169,935 tonnes, with stockpiles as at 19 April 2016 being ~175,000 tonnes at ~1.8 g/t Au. Stage 3 mining is providing consistent ore supply.

Siana Underground Development

- JORC 2012 Indicated and Inferred Mineral Resource totalling 3.8 Mt grading 5.8 g/t gold for 704,000 oz estimated for the Siana Underground Deposit.
- Updated Feasibility Study for the Siana Underground on track for completion in the June 2016 Quarter.
- Experienced mining executive and former AngloGold Ashanti Underground Project Manager Steve Tombs appointed as Siana Underground Project Manager.

Outlook

- Forecast remains unchanged with 16-19,000 oz of gold expected to be recovered in the June 2016 Quarter.
- Scoping-level study completed on the Mapawa LSY deposit.

Exploration

- Two diamond drill rigs currently on-site at Siana undertaking near-mine exploration drilling.
- Exploration drilling focused on the region north of the existing Siana open pit, which shows prospectivity for new zones of gold mineralisation.
- Sterilisation and geotechnical drilling is planned to commence in the June 2016 Quarter in an area close to the Siana open pit to investigate its suitability as the site for the new long-term Tailings Storage Facility (TSF).

Finance

- Gold sales for the Quarter of A\$16.9M (December 2015 Quarter: A\$23.3M).
- EBITDA from operations of A\$7.1M (December 2015 Quarter: A\$11.6M).
- A\$3.7M cash balance as at 31 March 2016 (31 December 2015: A\$8.5M) plus ~A\$7.9M in receivables from gold in the metal account or in transit.

Red 5 Limited

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Figure 1: Mining Operation preparing for Drill and Blast

OVERVIEW

Red 5 Limited (ASX: RED) is pleased to report on another reliable production performance at the Siana Gold Project in the Philippines during the March 2016 Quarter. A total of 9,448 ounces of gold was recovered for the Quarter, which was at the upper end of the Company's guidance range of 7-10,000 ounces despite the impact of a 33-day planned maintenance shutdown at the plant. Production for the 2016 financial year-to-date (YTD) is 41,616 ounces.

The results reflected a solid performance by the Siana open pit, with reconciliation of ore tonnes and grade continuing to exceed expectations and mining continuing sequentially in accordance with the mine plan. All-in sustaining costs (AISC) were higher for the Quarter reflecting a combination of the impact on unit costs of the planned 33-day processing plant maintenance shut-down and the relatively high current strip ratio as the East and West wall cut-backs are progressed.

The AISC is expected to be lower in the June Quarter with no extended planned maintenance periods for the processing plant together with an increased gold production.

Outlook

A co-ordinated program has been implemented to manage the previously reported material movement in the Eastern pit wall, including ongoing civil and geotechnical work, radar monitoring, detailed planning and progressive execution. It is expected that this philosophy will need to continue throughout the life of the open pit.

During the Quarter, technical studies and evaluation work by underground mining consultants Mining One Pty Ltd continued as part of the updated Feasibility Study for the proposed transition to underground mining at Siana. The updated Feasibility Study is expected to be completed during the June Quarter 2016.

Work has also been completed on a scoping-level study for the Mapawa LSY deposit, located 20km north of Siana, to assess its potential to provide a source of satellite ore feed for the Siana processing plant during an underground phase of operations. The study indicates that there is potential for an open pit resource associated with the Mapawa LSY deposit.

Quarterly Gold Production – Key Statistics

Key Indicators	Unit	Jun. 15 Quarter	Sep. 15 Quarter	Dec. 15 Quarter	Mar. 16 Quarter
Mine Production					
Waste Mined (ex-pit)	BCM' 000s	600	482	1,088	852
Ore Mined	t	190,392	173,906	121,068	269,068
Mining Cost per tonne (ore and waste)	\$/t	6	4.5	4	3.5
Mill Production					
Ore Processed	t	157,941	210,572	173,601	119,758
Head Grade – Gold	g/t	2.6	3.1	3.1	3.01
Head Grade – Silver	g/t	5.3	6.4	6.1	7.1
Processing Cost per Tonne	\$/t	31	25	27	35
Recovery – Gold	%	83	85	85	82
Recovery – Silver	%	37	39	32	29
Gold Recovered	oz	11,007	17,737	14,431	9,448
Silver Recovered	oz	10,627	16,962	11,245	8,014
Gold Sold	oz	10,591	15,281	14,762	10,365
Silver Sold	oz	11,523	11,586	12,273	8,291
Average Gold Price Received	US\$/oz	1,198	1,116	1,130	1,177
Cash Operating Costs (i)	A\$/oz	809	612	680	870
Total Operating Costs (ii)	A\$/oz	1,242	1,083	1,144	1,289
All In Sustaining Costs (iii)	A\$/oz	1,849	1,389	1,673	1,799

(i) Includes all site expenditure, royalties, doré shipping and refining costs, silver credits and inventory movement adjustments. Does not include actual waste stripping costs which are deferred and amortised over the life of the open pit.

(ii) Includes Cash Operating Costs (i) plus plant and equipment depreciation and amortisation of capitalised waste stripping, pre-production mining and exploration costs.

(iii) Includes Cash Operating Costs (i) plus actual waste mining, sustaining capital and corporate costs.

It should be noted that the higher AISC of A\$1,799 for the Quarter reflects both the planned processing plant maintenance shut-down for 33 days and a high strip ratio of ~8:1 as the East and West wall cut-backs are being progressed. The AISC is expected to be lower in the June Quarter, reflecting no extended planned maintenance periods for the processing plant together with an increased gold production.

Mining Activities

Mining activities during the March 2016 Quarter were focused on mining ore at the lower levels of Stage 3 and on reducing waste material on the west wall. In addition, mining of material suitable for delivery for Tailings Storage Facility construction was ongoing.

Reconciliations of actual ore tonnes and grade mined against the block model have continued to exceed expectations in the base of the open pit. This is considered to be a positive indication for the grade profile of the open pit over the next 18 months.

A total of 269,068 tonnes at 2.66 g/t Au of ore and 852,386 bank cubic metres (BCM) of waste was moved ex-pit during the Quarter. The current high strip ratio (~ 8:1 for the Quarter) forms part of the mine plan and is forecast to reduce considerably from the June 2016 Quarter onwards as the mine deepens and the large waste material component from the East and West wall cut-backs diminishes.

Ore stockpiles at Quarter-end were 169,935 tonnes, with stockpiles as at 19 April 2016 being ~175,000 tonnes at ~1.8 g/t Au as ore is currently being mined from Stage 3 of the Siana open pit. The Company's production forecast is 16-19,000 ounces of gold expected to be recovered in the June 2016 Quarter.

Eastern Pit Wall

The East pit wall material movement continues to be effectively managed with good progress being made on the remediating cut-back from surface, in parallel with internal waste stripping to access ore.

A co-ordinated program for management of the material movement in the Eastern pit wall has been developed and implemented including ongoing civil and geotechnical work, radar monitoring, detailed planning and rational execution. It is expected that this managed and proactive approach will continue throughout the life of the open pit.



Figure 2: Drill and Blast rig operating in the Siana open pit

Processing

In order to take advantage of the transition between mining ore tonnes from Stage 2 to Stage 3, a planned maintenance of the processing plant was successfully completed during January 2016 and early February 2016 with the plant shut-down for a total of 33 days.

On restart, the Siana processing plant has continued to perform well, with a total of 119,758 tonnes of ore processed for the Quarter (December 2015 Quarter: 173,601 tonnes). The average head grade and recovery was 3.01 g/t Au and 82% respectively (December 2015 Quarter: 3.05 g/t Au and 85%).

A total of 9,448 ounces of gold was recovered for the Quarter. The average unit ore processing cost for the Quarter was A\$34.80/tonne, compared with A\$26.60/tonne for the December 2015 Quarter. The higher unit cost was due to the scheduled shut-down for maintenance purposes resulting in less tonnes processed compared to previous quarters.

Maintenance work on the processing plant undertaken during the shut-down included:

- Jaw Crusher – construction of a new concrete foundation;
- Auto Sampler – installation of a new Auto Sampler to monitor tails quality and subsequently improve recovery;
- SAG Mill – complete rubber re-line, the first in the life of the Process Plant;
- SAG Mill – upgrade of the three lubricating oil pumps;
- Rubber Lining – renewal of rubber lining of various cyclone parts, spools, and CIL tank agitator blades;
- CIL Tanks – draining, cleaning and inspection CIL tanks;
- Powerhouse – routine 8,000 hour maintenance on all engines and generators.

Tailings Storage Facilities (TSF)

A planned tailings storage solution has been implemented for the Siana Gold Project. During the Quarter, the TSF 3 Stage 2 – embankment foundation works; the TSF 4 Stage 2 – foundation works; and the upstream lift and embankment build-up were all completed and “signed-off” by Knight Piésold, as the Engineer of Record.

Activities also continued during the Quarter on the long-term TSF. Concept designs have been completed by Knight Piésold and a preferred optimal location has been selected. Sterilisation works to the selected location commenced in January 2016 and, more recently, geotechnical activities also commenced in April 2016. International consultants AECOM continued progressing the required statutory Environmental Performance Report and Management Plan (EPRMP).

De-watering

From the results of the dewatering evaluation as part of the updated Underground Feasibility Study, up to five large diameter dewatering bores have been proposed and invitations for drilling have been issued. A drilling contractor will be selected and drilling is expected to commence in the September 2016 Quarter.

Future Development Strategy – Underground

Siana Underground Resources Estimate

A JORC 2012 Mineral Resource estimate was completed during the reporting period for the Siana Underground Deposit, representing another important step towards the proposed development of a long-term underground mining operation below the existing open pit at Siana.

The new resource, which was estimated by Mining One Pty Ltd (Mining One), comprised a total Indicated and Inferred Resource of **3.8 million tonnes grading 5.8 g/t gold for 704,000 contained ounces of gold** and represents a comprehensive update to the previously published JORC 2004 resources for the mineralisation located below the final open pit design. The resource includes the results of recent geotechnical drilling undertaken at Siana in 2015 (*see ASX Announcement – 11 January 2016*) plus all resource drilling since 2003.

For the purposes of the updated resource interpretation a nominal threshold grade of 1.0 g/t gold has been applied – compared with a 2.0 g/t gold cut-off grade which was used for interpreting the previously published JORC 2004 Mineral Resource. The application of a lower cut-off grade for the interpretation reflects significant recent advances in the Company’s understanding of the grade distribution and structural controls on mineralisation at Siana. This includes an improved understanding of the characteristics of the orebody developed from two years of open pit mining.

The application of a lower cut-off grade is expected to result in a number of benefits including a more robust underground mine design, greater technical confidence in the continuity of the resource and the potential to extract more tonnes per vertical metre.

Significantly, the Indicated Resource, which is available for conversion to Ore Reserves, has increased to 3.3 million tonnes grading 5.2 g/t gold for 551,000 contained ounces of gold reported at a 2.4 g/t gold cut-off. This represents an increase of 52% compared to the previously published JORC 2004 Indicated Resource of 359,000oz, which was reported at a 3.0 g/t gold cut-off for the resource model used at that time. The JORC 2012 Indicated and Inferred Mineral Resource for the Siana Underground as at February 2016 is set out below:

Siana JORC 2012 Underground Mineral Resource Estimate as at February 2016							
Estimate	Classification	Cut Off Au (g/t)	Tonnes (Mt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
Feb 2016 JORC 2012	Indicated	2.4	3.3	5.2	7.2	551	756
	Inferred	2.4	0.5	9.3	11.2	153	186
	Total	2.4	3.8	5.8	7.7	704	941

Notes on the Mineral Resource:

1. Discrepancy in summation may occur due to rounding.
2. Resource for this model has only been reported below the Stage 4 Final Pit (-130m level).
3. A cut-off grade of 2.4 g/t Au has been applied. The mining cut-off is expected to range between 2.0 to 2.5 g/t Au. The underground concept study conducted in September 2015 by Mining One determined a planning (optimised) cut-off value of 2.3 g/t Au.
4. The Siana Underground Resource Model is suitable for underground mining evaluation below the Stage 4 final open pit.
5. For grade estimation, the updated Siana underground resource has been constrained based on the geological interpretation which coincides with a nominal 1.0 g/t Au threshold grade. Zones of internal waste within some zones graded less than 1.0 g/t Au over a nominal two metres length and were interpreted and estimated separately.

The resource model confirms the significant dimensions of the Siana underground deposit, which extends over a strike length of ~450m, extends to a vertical depth of ~500m below the Stage 4 open pit design (and remains open at depth) and averages ~40m in width for the upper section of the main zone of the resource (see Figure 3).

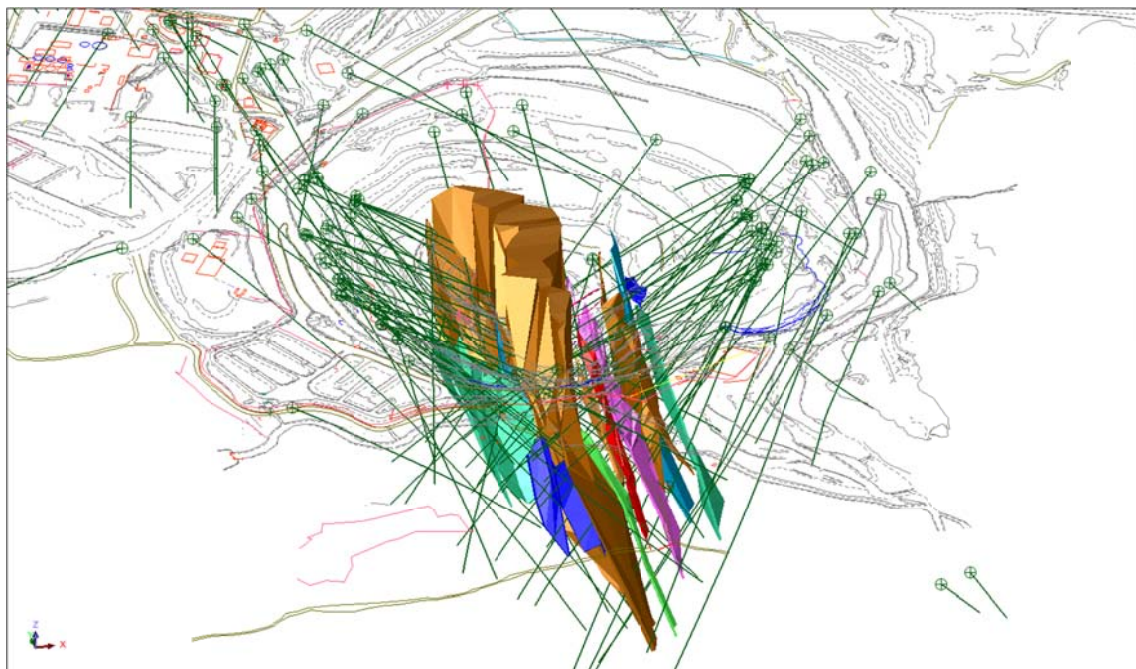


Figure 3: Oblique view of the Siana Underground 1.0 g/t gold mineralised envelopes looking north-east

Siana Underground Feasibility Study

As previously advised, following the positive results from the Underground Concept Study completed during the September 2015 Quarter, underground mining consultants Mining One were commissioned to complete an updated Feasibility Study for the proposed underground mine development at Siana. This Study is now well advanced and is on-track to be delivered during the June 2016 Quarter.

Mining One has advised that important parts of the Feasibility Study have already been completed or are now in the final stages, including a detailed mine design and schedule, geotechnical modelling of the resource below the current pit, cost estimates, hydrogeological analysis, paste fill test work and financial modelling. Completion of the Feasibility Study will comprise final engineering of the mine infrastructure, final optimisation work of the production schedule, economic modelling and compilation of the feasibility report and Ore Reserve statement

Figure 4 below shows a long sectional view of proposed mine design that forms the basis of the mine plan currently under assessment:

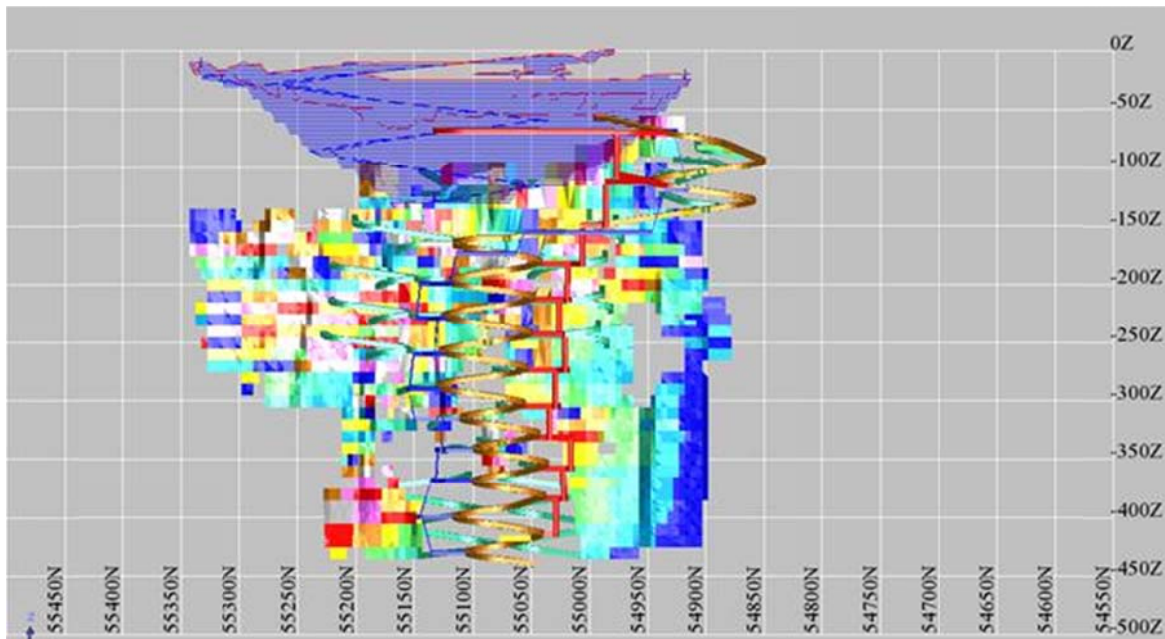


Figure 4: Long section view of current mine design

The engineering of the major infrastructure requirements is also well advanced. This work includes capital and operating cost estimates as well as the technical design. Key items such as the design of a paste-fill plant with associated reticulation system, mine ventilation and pump specification and design are currently also being considered.

Contract mining specialists both in the Philippines and Australia have been engaged to provide guidance on mining costs and productivity rates. Major suppliers of mining equipment have also been engaged to help develop specifications and pricing. The overall objective is for the Siana operation to transition to a long-term underground mining operation with the completion of open pit mining. Mining from the open pit is scheduled to end in December 2017.

Appointment of Underground Project Manager

Following a comprehensive recruitment process, the Company appointed experienced mining executive Steve Tombs as Underground Project Manager for the Siana Gold Mine. Mr Tombs has joined the team following more than 11 years with AngloGold Ashanti, where he held a number of senior positions including Underground Project Manager for the Sunrise Dam Gold Mine in Western Australia.

He has extensive experience working in underground operations where efficient paste-fill management, effective mining of historical workings and detailed water management practices were key factors for operational success.

Future Development Strategy – Mapawa LSY deposit

Following the calculation of a maiden JORC 2012 Mineral Resource estimate for the Mapawa LSY deposit last Quarter (8.8Mt grading 1.0g/t gold for 289,000 contained ounces), a scoping level study was completed to assess its potential to provide a source of satellite ore feed for the Siana processing plant.

The study indicates that there is potential to develop an initial open pit operation based on the Mapawa LSY deposit, with the ore delivered by road to the process plant at Siana. Based on the positive outcomes of the scoping-level study, progress will continue with further engineering studies.

Exploration

Near-mine Exploration and Sterilisation Drilling

The Company currently has two diamond drill rigs operating on-site undertaking near-mine exploration activities to the north of the open pit. An additional two drill rigs will commence in the June 2016 Quarter with the start of sterilisation and geotechnical drilling of the proposed site for the new Tailings Storage Facility to the south of the open pit.

Regional

Resulting from the continuation of soil geochemical stream sediment sampling and detailed geological mapping activities, favourable structural corridors have been defined along with coincident geochemical and geophysical anomalies with potential gold mineralisation targets identified from potential gold bearing epithermal and/or porphyry intrusive activity.

Financial

Gold sales for the Quarter totalled A\$16.9 million (December 2015 Quarter: A\$23.3 million) from the sale of 10,365 ounces (December 2015 Quarter: 14,762 ounces) at an average price of US\$1,177 per ounce (December 2015 Quarter: US\$1,130 per ounce).

The total operating cost for the Quarter (including depreciation and amortisation charges) was A\$1,289 per ounce. This was slightly higher than the December 2015 Quarter (A\$1,144 per ounce) due to the reduction in sold ounces compared to the previous quarter. The AISC for the Quarter of A\$1,799 per ounce reflects the large waste component moved from both the East and West wall cut backs (~8:1 strip ratio) and is forecast to reduce in line with the reduction of the strip ratio in future months.

The Siana operation generated EBITDA of A\$7.1 million for the Quarter with net earnings from operations of A\$ 2.8 million. The consolidated cash position as at the end of March 2016 was A\$3.7 million (December 2015 Quarter: A\$8.5 million) however, receivables of A\$7.9 million relating to refined gold in the metal account or doré in transit were outstanding at the end of March 2016. As at 20 April 2016, the cash position was ~A9.2 million.

Financial Summary	Jun 2015 A\$M	Sep 2015 A\$M	Dec 2015 A\$M	Mar 2016 A\$M
Sale proceeds	15.4	23.8	23.3	16.9
Operating costs/care and maintenance	(8.6)	(9.6)	(10.5)	(8.9)
Philippine and Australian corporate costs	(1.1)	(1.1)	(1.2)	(0.9)
EBITDA	5.7	13.1	11.6	7.1
Depreciation and amortisation	(4.6)	(7.2)	(6.8)	(4.3)
Net earnings/(loss) from operations	1.2	5.9	4.7	2.8
Capital expenditure				
Plant/equipment/development	10.8	11.4	14.1	10.0

ENDS

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About Red 5 Limited

Red 5 Limited (ASX: RED) through its associated Philippine company Greenstone Resources Corporation is a gold producer which operates the Siana Gold Project, located in the established gold mining region of Surigao del Norte in the Philippines. This richly endowed region hosts epithermal gold systems and porphyry copper-gold deposits.

The Siana Gold Project re-commenced operations in January 2015 following the redevelopment of tailings storage capacity and is now focused on steady-state gold production and laying the foundations for the Company's future growth. The Company is focusing on the following key areas to create value for shareholders:

- **Reliable production** – to deliver steady and reliable production at Siana based on achievable targets;
- **Technical strength** – to implement high standards across all aspects of the business, including mining, processing, the management of the Tailings Storage Facility (TSF) and the pit wall cut-backs; and
- **Growth** – to begin laying the foundations for the Company's future growth by finalising its long-term mining plans for the open pit and future underground mines, and by recommencing exploration activities to grow its resource and reserve inventory and unlock the potential of its highly prospective exploration portfolio.

Tenement Schedule

Project	Tenement number	Registered holder	Equity interest	
			Red 5 group	Other
Philippines Siana gold project	MPSA 184-2002-XIII	Greenstone	40%	SHIC 60%
	APSA 46-XIII	Greenstone	40%	SHIC 60%
Mapawa gold project	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%
Western Australia Montague	ML57/429, ML57/485, EL57/793		25% free carried	

No interests in mining tenements or farm-in or farm-out agreements were acquired or disposed of during the quarter.

Abbreviations

Greenstone: Greenstone Resources Corporation
SHIC: Surigao Holdings and Investments Corporation
MPSA: Mineral Production Sharing Agreement
APSA: Application for MPSA
ML: Mining Lease
EL: Exploration Licence

Competent Person Statements for JORC 2012 Exploration Results and Mineral Resource

The information in this report that relates to the Mineral Resources at the Mapawa Project is extracted from the report titled *Maiden 289,000oz Gold Resource for Mapawa LSY Deposit*, dated 21 October 2015 and is available on the ASX web-site. The information in this report that relates to the Minerals Resources for the Siana Underground deposit is extracted from the report titled *704,000oz Mineral Resource for Siana Underground*, dated 23 February 2016 and is available on the ASX web-site. Red 5 Limited confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

Production forecast

The ore reserves underpinning the production forecast in this report are probable ore reserves and have been prepared by a competent person in accordance with the requirements of JORC 2012.

Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Red 5's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Red 5 believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Red 5, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Red 5 undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.