



Red 5 Limited

ABN 73 068 647 610

PO Box 1911 West Perth 6872
Western Australia, Australia

Telephone: +61 8 9322 4455
Facsimile: +61 8 9481 5950

27 June 2005

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

SHAREHOLDER NEWSLETTER

Please find enclosed a copy of a newsletter sent to shareholders of Red 5 Limited.

Yours faithfully

FRANK CAMPAGNA
Company Secretary



21 June 2005

Dear Shareholder

Enclosed is a document titled "Advancing Siana to Production".

This document was presented to nearly 500 participants at the Australian Gold Council sponsored Investor Day meetings in Brisbane, Sydney and Melbourne the past weekend.

The document describes the current status of the pre-feasibility and feasibility studies at Siana where detailed geotechnical, hydrogeological and metallurgical evaluations have resulted in positive outcomes.

Also described is the AngloGold Ashanti strategic alliance and the Madja copper-gold porphyry prospect where exploration drilling is scheduled to recommence in the next month or so, following evaluation of the extensive data sets recently generated from soil sampling, ground magnetic and Induced Polarisation geophysical surveys.

A power point presentation delivered at the meetings has been posted to our website www.red5limited.com.

Should you have any queries on the document content or the Company's business please call Greg Edwards, Managing Director or Lance Govey, Exploration Director in the Perth office.

Yours sincerely

Nicholas Smith
Chairman

Advancing Siana to Production

- Siana:** Surigao del Norte (80% interest)
Republic of the Philippines
- Feasibility:** 100,000 ounce per annum, open pit
gravity CIL plant for completion
calendar 2005 year end
- Exploration:** Drill confirmed copper-gold porphyry
deposit, evaluation continues



Contact:

Greg Edwards Managing Director

Level 2, 35 Ventnor Ave, West Perth, Australia 6005

Tel: +61 8 9322 4455 Fax: +61 8 9481 5950 Email: info@red5limited.com

Investor Relations Contact: Colin Jackson +61 407 718 372

Company summary

Issued capital and valuation

| | |
|---------------------------|----------|
| Issued capital (shares) | 252M |
| -share price (9 June 05): | 10 cents |
| Market capitalisation: | \$ 25.2M |
| -less cash and liquids | \$ 9.9M |
| Enterprise value | \$ 15.3M |

Valuation: **US\$9 per resource ounce**

Share ownership:

| | |
|--|-------|
| AngloGold Ashanti Aust. Ltd | 12.3% |
| Directors: | 5.6% |
| Scudder Gold & Precious Metals Fund (New York) | 4.7% |

Number of shareholders 1,662

Australian Stock Exchange Code: **RED**

Board/senior management:

| | |
|----------------|--------------------------|
| Nicholas Smith | (Chairman) |
| Greg Edwards | (Managing Director) |
| Lance Govey | (Exploration Director) |
| Colin Jackson | (Non-executive Director) |
| Peter Rowe | (Non-executive Director) |

| | |
|-------------------|---------------------|
| Frank Campagna | (Company Secretary) |
| Manny Ferrer | (Philippines-based) |
| Attny E Panimogan | (Philippines-based) |

Contact details:

Level 2, 35 Ventnor Avenue
West Perth, Western Australia 6005
PO Box 1911 West Perth, WA 6872
Ph: + 61 8 9322 4455
Fax: + 61 8 9481 5950
Web Site: www.red5limited.com
Email: info@red5limited.com

Primary assets:

Siana Gold Project

- 80% interest held under MPSA,
- Pre-feasibility study in final stages (open pit to 180 metres, gravity/CIL plant producing 100,000 ounces per annum)
- 2 rigs operating including Crackerjack – on the Boyongan Corridor
- resource upgraded and expanded to 1.55 million ounces
- NM Rothschild finance adviser/arranger

Madja Copper-gold porphyry

- first hole mineralised entire length including 162m at 0.32%Cu & 0.26g/t Au
- major IP survey near completion
- drill program planned.

Other assets:

- Cash \$8.8 million
- Strategic alliance with AngloGold Ashanti
- Range River Gold NL shareholding (9.15 million shares – 9% interest)
- Montague JV (25% free carried)



Introduction

The Siana Gold Project (Red 5 80% beneficial interest) is located approximately 30 km south of Surigao City within the northern region of Surigao del Norte Province, Northern Mindanao, Republic of the Philippines.

Initial drilling during 2003 focused on verification of the gold potential at, and surrounding the historic Siana underground/open pit mine, previously operated by Suricon. The results were considered sufficiently encouraging to proceed to a substantial diamond drilling programme in 2004 with the objective of scoping the potential to re-develop the open pit mine at Siana.

Mineral title and land holding

The Siana Project is covered by MPSA No. 184-2002-XIII that was registered at the MGB in Surigao on 27 Dec.2002 and covers an area of approximately 31.59 km².

The Siana mine and remaining infrastructure is located on freehold land owned by the joint venture partner. The area of former mining leases is contained within the current MPSA license area.

Resource estimate

An independent resource estimate was declared in January 2005. The resource below the open pit is estimated at 35.4 million tonnes at 1.3 g/t (1.545 million ounces) at a 0.5g/t cut-off and 12.0 million tonnes at 2.5 g/t (0.946 million ounces) at a 1.25 g/t cut-off.

The lithological model used is based on all available drill data (historic and Red 5) but the grade estimate (using top cut ordinary kriging) is based predominantly on thirty seven of the diamond holes drilled by Red 5 during the 2004 campaign. The model incorporates detailed evaluation of the Main Zone caved portion caused by previous mining. An initial estimate for East Zone, which remains open to the north, east and at depth, was included.

A further resource update is in progress at the date of this report.



Pre-feasibility study

The project design, as defined by a Scoping Study completed in Nov. 2004 comprises a 180 metre deep open pit (plus perimeter bore holes and in-pit dewatering system), and a modern gravity and CIL treatment plant, producing approx. 100,000 ounces per annum.

Infrastructure includes a 10 MW diesel fired, third party owned power station, accommodation camp and an all weather 16 metre wide access road.

Key elements of the pre-feasibility are near completion, including

- geotechnical (steeper pit slopes reducing the open pit strip ratio)
 - hydrogeology (high water quality simplifying the pit dewatering stage)
 - low Bond Work Index range (low grinding mill power consumption)
- with positive outcomes recorded in each instance.

Metallurgical testwork has been conducted on composite carbonate (Main Zone) and basalt (East Zone) samples. Gravity recovery using conventional Knelson concentrators has recorded 52% and 43% recovery gold with overall recovery post leaching of the gravity tails 92% and 85% for basalt and carbonate respectively. Further carbonate testwork is on-going.

The amenability of Siana ore to gravity recovery, and the softness (Bond mill work indices of 8.5 to 12), have positive implications for lower capital and operating costs.

A review of the tailings dams was completed with a total of 186 holes drilled and assayed. Records from past production suggested the gold

reporting to tailings may be in the coarser size fraction and therefore amenable to a low capital and operating cost modern gravity separation process. Testwork did not confirm economic viability. Whilst disappointing, it negates the need to increase the plant site footprint requiring the consequent purchase of rice fields and additional associated environmental studies and community consultation.

Golder and Associates have subsequently confirmed the technical viability of extending the current tailings dam for future production.

With technical aspects of the project proceeding along a well defined path the Company appointed NM Rothschild and Sons as financial adviser and arranger. Rothschild has in-country experience and was recently the successful Lead Manager for the first greenfield mining project financing for thirty years in the Philippines.

The Siana Project momentum at site is changing as the assembly of technical data nears completion and the Environmental Impact Assessment process accelerates.

A Community Assistance Program has been formulated following consultation with immediate communities. The program includes potable water supply, elementary school education (books, classroom materials, maintenance), public health and safety, road and church maintenance, agriculture support and others, a number of which have or are in the process of implementation.

Exploration

AngloGold Ashanti strategic alliance

Red 5 entered into a strategic alliance in October 2004 encompassing the existing Philippines tenements but with the specific exclusion of the Siana open pit development.

The alliance secures the option to enter direct equity joint ventures on the Company Philippine tenements, subject to retention of a minimum 12 percent Red 5 shareholding. Whilst the Siana open pit development is excluded, Red 5 has access to AngloGold Ashanti Australia technical support. An interest to provide debt funding for the development has also been indicated.

The terms of potential future separate JV agreements on Madja copper-gold porphyry, Siana outer targets and Mapawa (post MPSA grant) are: expenditure commitments of a minimum US\$1.5 million for no interest in the first year, a further US\$4 million for 65 percent of the Red 5 interest, and a further US\$5 million for 75 percent of the Red 5 interest over a further four years.

Red 5 is manager during the minimum expenditure period.

Madja copper–gold porphyry

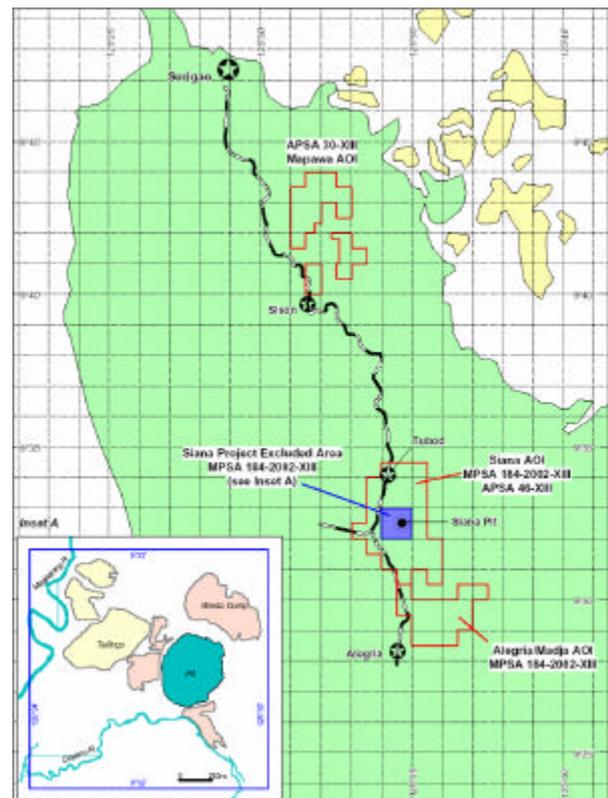
Surveyed gridding and geochemical soil sampling were completed over the Madja prospect in April 2004.

Two major target areas have been defined from the soil geochemistry – a north west zone characterised by a strong copper-gold association and surrounding the Alipao “Vein 12” prospect (first sampled in 2003), and a new copper-molybdenum target area to the east with above 200ppm soil Cu over

a broadly circular area approximately 0.5 to 1.0 km in diameter.

Ground magnetic and Induced Polarisation geophysical surveys commenced over the entire area late in the quarter, due to the delayed arrival of the contractor. The ground magnetics were completed late in April and the IP survey and geological mapping are still in progress.

Drill testing remains scheduled for the June quarter following detailed interpretation, modelling, and synthesis of data sets.



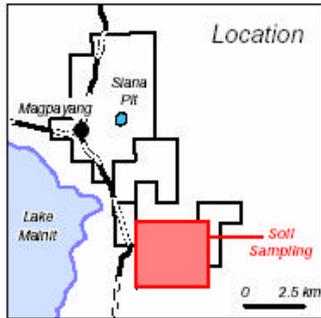
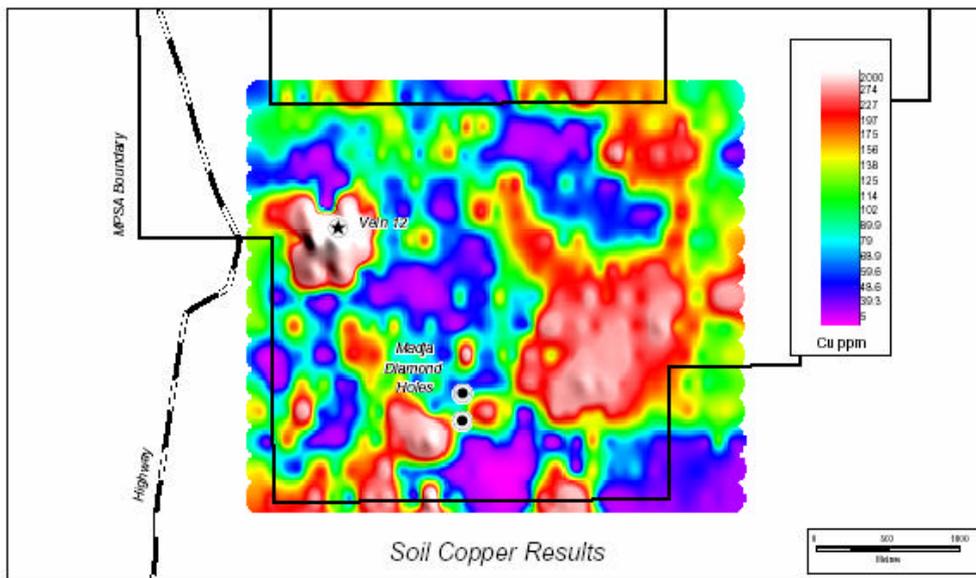
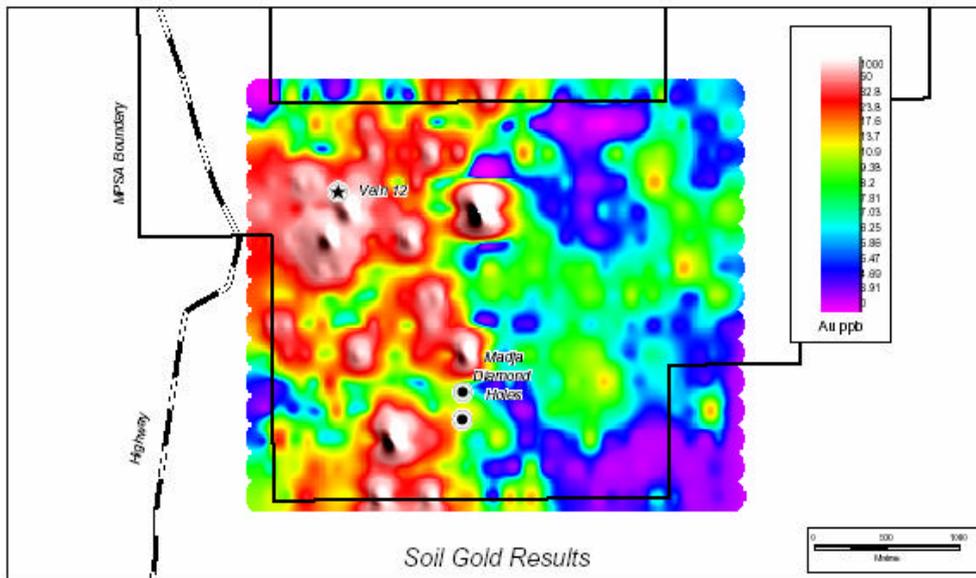


Figure 1
Alegria Soil Geochemistry



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Summary

Red 5 is an Australian Stock Exchange listed company with over 1,600 shareholders. The largest shareholder is AngloGold Ashanti with a 12 percent holding.

The primary Company asset is an 80 percent beneficial interest in the Siana Gold Project, near Surigao in northern Mindanao. Title is held through a Mineral Production Sharing Agreement.

Exploration under the old open pit, last worked in 1990, and the discovery of an adjacent East Zone has allowed the Company to declare a JORC compliant resource of 1.55 million ounces.

The Company anticipates completing pre-feasibility and feasibility studies by the conclusion of 2005 calendar year. Independent technical reports indicate the potential to significantly steepen the pit wall slopes (reducing waste mining and storage), and significantly reduce operating and capital costs in the process plant due to the soft ore characteristics (work index of 8 to 12.5) and high gold recoveries by gravity ahead of carbon-in-leach. Hydrogeology studies have also confirmed the pit de-watering program to be beneficial to the local river system. Environmental Impact Studies are advanced and several elements of the Community Assistance Program have been implemented.

The Company also has a strategic alliance with AngloGold Ashanti covering the balance of the Philippines tenements, whereby they can elect to participate directly in up to three joint ventures earning a maximum of a 75 percent interest of the Red 5 interest for individual joint venture progressive expenditures totalling US \$10.5 million.

The Madja copper-gold porphyry is the most advanced of the three target areas. To date two drill holes have confirmed the prospectivity and a major IP survey is near conclusion to better define targets for a significant drill programme.

The Company has sufficient funds to simultaneously complete the feasibility study and mount significant exploration activity outside the Siana designated area.

At the current Red 5 share price of 10 cents, the enterprise value (market capitalisation less cash and liquid funds) is valuing attributable gold in the ground at Siana at US \$9 per ounce – which is less than the discovery cost.

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbour created by such sections. Such forward-looking statements include, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales, (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to gold prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves; and (viii) the timing or results of permitting, construction and production activities. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.