



Red5 Limited ABN 73 068 647 610

Annual General Meeting 23 November 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.*

Inquiries regarding
this report and company
business may be
directed to:

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Chairman

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Chairman's Address

As we meet today, the Siana gold process plant in the Surigao del Norte region of Mindanao, in the Philippines, is undergoing the final stages of commissioning, drawing predominantly on power from our own 6MW back-up station.

The crusher and SAG mill were dry commissioned last week and wet commissioned over the weekend under the supervision of a specialist commissioning engineer and equipment manufacturers representatives. A total of 25 vendor commissioning specialists from eleven equipment manufacturers are currently on site. The first three of the six carbon-in-leach tanks and the tailings line are currently being commissioned.

The pit dewatering direct discharge system has been decommissioned and replaced with a cascade system with the final pit water discharge now directed either to the process water tanks or the tailings dam.

The Run-of-Mine ore pad has sufficient low grade material from the previous operations, to bed-in the plant. This material will be progressively replaced with ore which is now being delivered from the pit.

The Managing Director returns to site after this meeting to supervise our first gold pour which will come from the gravity circuit. The first gold pour from the carbon-in-leach circuit will follow once the carbon has loaded-up to plus 4,000 g/t gold.

Unlike many other projects today, the capital cost to first gold pour in Australian dollars will be lower than forecast at the time of project go-ahead. This is despite delays due to a record breaking sustained wet season and increases to the scope of the build.

There were a number of important scope changes made during development, each designed to mitigate risk. In particular, we opted to purchase a brand new Outotec SAG mill, rather than refurbish a second hand mill purchased several years prior. Observing the nine week setup programme during the construction phase and then the nine day check list prior to turning the mill, readily confirmed the appropriateness of this decision. We also elected to install our own 100% back-up power station replacing the original concept of just an emergency power generation facility. The pit design was also modified to provide twin ramp access.

Our ability to achieve a below budget cost outcome is due to the appreciating Australian dollar. The Company treasury funds were held predominantly in Australian dollars which appreciated against the Filipino peso in which 80% of actual development expenditures are incurred. The Australian dollar also appreciated strongly against the US dollar, which is the cost reporting currency. As you know the project has been totally financed with equity, a superior outcome to the original intent which was part equity and part gold pre-pay. The pre-pay today, with the significant increase in the gold price would have looked very expensive.

CHAIRMAN'S ADDRESS

Whilst we are under budget we are clearly not on time. The sustained wet season occurring at a time when large concrete pours for the crusher and SAG mill were on the critical path, plus the impact on the pre-stripping earth movement statistics and the decision to include a power plant, protracted the construction time. We can however console ourselves that we do have a great process plant with all new gear and with an electrics package, probably second to none.

Employment opportunities for local residents have been maximised during construction with training almost now complete for the production phase. Red5 is an equal opportunity employer and this includes five female truck drivers, none of whom have ever held a normal road driving licence. We believe this to be a first in the Philippines. Our workforce on site has typically exceeded one thousand personnel and peaked at 1,529. Safety attitudes were rigorously reinforced and we are happy to report over 5 million man hours without a Lost Time Injury.

As we approach the production phase the availability of experienced Filipino mining professionals, including those with Australian operating experience has significantly reduced the need for expensive expats and their associated on-costs. It also avoids the handover dislocation that inevitably occurs with fly-in fly-out rotations.

Our preparedness to commence operations was also exemplified by results from the first Mining and Safety Conference held in Surigao. Our teams ranked first in the fire fighting event and second in first aid event. As a testament to our Managing Director and his site management team, headed by the Operations Director Mr Ron Pyatt, our organisation was also awarded "the most organised and dynamic" company in the competition.

In short, developing, constructing and operating a gold mine in the Philippines is less costly when compared to Australia where capital cost overruns are now very common and wage demands for even semi-skilled personnel are extraordinary.

Earlier this year we recommenced our exploration effort at Siana after an absence of over two years. Concurrently, we commenced exploration for the first time along strike. Most recently, we completed regional soil sampling in the Dayano area to the south, with targets for follow-up drilling identified.

We have, however, been frustrated by slow assay turnarounds, which has meant the team has needed to be flexible with their programmes. Of recent results received, SMDD143, on the eastern side of the pit, recorded intersections of 2 metres at 19.7g/t and 2 metres at 15.4g/t at 565 and 585 metres down the hole respectively.

As the pre-strip in the upper levels of the pit continues, postulated targets that were not feasible to drill from surface, are now adding to the potential resource, with new panels of potential near surface mineralisation exposed for further evaluation.

Gold is clearly the commodity to be in. Recent World Gold Council statistics noted a significant increase in central bank purchases, no doubt to protect their ever devaluing paper currencies. In the last quarter, private gold investment demand in Europe increased 135% exceeding the total demand of China, India and the USA. This momentum can also be seen in the Red5 register where share holder numbers have increased 54% on a year ago.

In summary, Red5 commences production in an enviable position, with cash on the balance sheet, a gross margin exceeding US\$1,000 per ounce and no debt and no gold hedging.

Directors look forward to receiving the audited financial accounts for the year to 30 June 2012 in mid-September next year, and being mindful of the fact that our business has been equity funded, reviewing the appropriateness of declaring a maiden dividend.

Colin G Jackson
Chairman





COMPETENT PERSON STATEMENT

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 R Williams who is a full-time employee of Red 5 Limited and who 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 the Company 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 the 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 – 1,283,674,237 shares
 Unlisted options – 2,100,000

Substantial Shareholders

Baker Steel Capital Managers 8.6%
 Mathews Capital Partners 6.1%
 Sprott Asset Management 5.4%

Shareholder Enquiries

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

Securities Transfer Registrar
 770 Canning Hwy, Applecross WA 6153
 Telephone: +61 8 9315 2333
 Facsimile: +61 8 9315 2233