



**ASX REPORT TO
SHAREHOLDERS**

5 September 2013

Red5 Limited
is a publicly listed
company on the ASX
- ticker symbol RED

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Capital raise to recommence operations

Red 5 to raise up to \$50.0 million via a private placement and announces a share purchase plan to recommence operations and become debt free.

Red 5 Limited (**Red 5** or **Company**) advises that the Company has resolved to raise up to \$50,000,000 (before costs) through a private placement of up to 500,000,000 ordinary fully paid shares (**Shares**) to domestic and international institutional and domestic sophisticated investors at an issue price of 10 cents per share (**Placement**).

Red 5 also intends to raise a further \$10,000,000 through a Share Purchase Plan (**SPP**) to eligible shareholders also at 10 cents per share with the directors reserving the right to accept oversubscriptions of up to a further \$5,000,000. If applications for the SPP are received in excess of this amount, they will be scaled back on a pro-rata basis. The record date for the SPP is Wednesday 4 September 2013 and an offer document will be sent to eligible shareholders shortly.

Net proceeds raised from the Placement and the SPP will be used to provide working capital to implement the planned interim tailings storage solutions at the Siana gold mine ahead of planned recommencement of mining operations (subject to the Mines and Geosciences Bureau rescinding the existing Cease and Desist Order) and to repay the outstanding debt facility with the Company's senior lender.

The Placement is expected to be completed in two tranches with the first tranche of \$2,030,000 to be completed under the Company's existing 15% placement capacity by Friday 6 September 2013 and the second tranche of up to \$47,970,000 to be subject to shareholder approval at a general meeting of shareholders. The placement is being undertaken by Petra Capital Limited acting as lead manager and book runner. Fairfax Securities Corporation DBA Jett Capital Advisors assisted Red 5 as financial counsel.

Key dates in respect of the SPP will be outlined in the SPP offer document to be sent to shareholders with the notice of general meeting seeking shareholder approval for completion of the second tranche of the Placement and the SPP.

continued overleaf

The combined equity raising replaces the non-renounceable Entitlements Offer which closed on 30 August 2013 with subscriptions received for 24,930,301 Shares totalling \$8,725,605, being less than the \$35.0 million minimum subscription. Application monies received under the Entitlements Offer will be refunded in full, as soon as is practicable.

The Company is in negotiations with its senior lender regarding an extension of its current standstill arrangement from 15 September 2013 to a date that is after the completion of the Placement.

The Company is of the view that reinstatement of the trading in its securities is likely to be materially prejudicial to the Company's ability to successfully complete the Placement and SPP which is crucial to the entity's continued financial viability. As such, the board has resolved to maintain the current voluntary suspension from trading in the Company's securities in place, while it seeks to successfully complete the Placement and SPP and balance sheet re-structuring. Whilst it is expected that trading in Red 5 securities will recommence shortly after the completion of the Placement and SPP, ASX, in consultation with the Company, will determine when the securities are reinstated.

Steve Norregaard

Managing Director