



**ASX REPORT TO
SHAREHOLDERS**

13 May 2013

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

*The Board strategy continues
to focus on the development
of Siana gold mine.*

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Siana milling operations suspended

The Board has received geotechnical advice to the effect that the tailings wall dam has been compromised and rectification to re-instate to operational status is not recommended.

Geotechnical experts from GHD Engineering (design, permitting and on-going construction), Knight Piésold Consulting (independent expert to Red5) and Golder Associates (independent expert to Credit-Suisse) have individually concluded that there is an unquantifiable risk in returning the tailings dam to operating status. Equally, any modifications to the design would severely limit the on-going placement capacity and would not represent an economic solution.

Activity on site currently comprises mitigation to minimise any spill, should it occur. This includes unloading the dam wall at the point where subsidence has occurred and the building of a 900 metre long, 3 metre high, containment bund wall 250 metres from the toe of the dam (complete) and, a 240 metre long river diversion (nearly complete). Note that these are pre-cautionary only. To be clear, there has been no spill and therefore no consequential environmental damage.

The land contained within the bund is predominantly rice paddies and is Company owned. This area may ultimately be assigned to waste storage.

The geotechnical consultants have also reviewed the opportunity to utilise, on a temporary basis, the secondary tailings dam which is currently being decommissioned in favour of establishing an expanded stockpile facility. Whilst technically feasible, the modified engineering parameters now proposed would lead to limited capacity only. Accordingly, the focus is now directed towards the construction of a brand new tailings dam. The location was selected several months ago as part of normal forward planning with design elements already in-hand. This preferred option has an ultimate capacity that exceeds the current known resource. Other options for tailings storage totally within the property are also being reviewed.

As this new facility will take time to permit and construct, the Company has suspended milling operations. Mining activities, including the stockpiling of ore, will continue in the interim, as the Company considers its financial position.

The financial and timing parameters for the construction of a new tailings dam facility, the implications of suspending milling operations and any consequential reduction in site activity are the subject of current investigations and review. The Company is also in discussion with its banker, Credit-Suisse and its insurer, as the outcomes are integral to providing shareholders with a precise financial picture and so that the market can be fully informed of the Company's position. Initial clarification of these issues is expected within the next two weeks.

The Company anticipates further updates on a regular basis.

Steve Norregaard
Managing Director