# RED 5 Limited

ABN 73 068 647 610

## ASX Shareholders Report

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*Red 5 Limited is a publicly listed company on the ASX-ticker symbol RED.*

## SIANA GOLD RESOURCE UPGRADE

**A new Resource model of the Siana deposit below the open pit has been completed to complement and facilitate rapid evaluation of results generated by the current 15 hole deep drill programme.**

**As a consequence of the independent database validation, modelling and Resource estimation the base Resource (Indicated and Inferred) has increased to 1.1 million ounces.**

In the new Resource model, Indicated Resources are quoted as previously to 250m below surface, with Inferred Resources to 350m below surface included for the first time.

New data includes the results of two diamond holes directed below the pit in calendar 2003 (intersections of 78 metres at 1.2 g/t and 128 metres at 2.3 g/t) and mineralised backfill (estimated to contain 45,000 ounces at 2.7 g/t to a depth of 110 metres below the pit floor) following confirmed void/past production reconciliation.

The new Resource also benefits from improved knowledge of the deposit, improved structural control intepretation and a superior specific gravity block model.

Not included in the new Resource estimate are substantial low-grade stockpiles and mineralised tailings from previous mining activity that will be evaluated during scoping and feasibility studies.  Mineralisation at Crakerjack, Fritz Weber, Alegria and Madia Prospects along the Boyongan Corridor are also excluded.

**Directors are confident increases to the Mineral Resource base will be achieved through the current exploration programmes.**

**Greg Edwards**
**Managing Director**

**16 January 2004**

## SIANA GOLD PROJECT RESOURCE STATEMENT – JANUARY 2004

### 0.5 g/t gold cut-off

| Resource Category (JORC) | Tonnes | Grade g/t Gold | Contained Ounces Gold |
|---|---|---|---|
| Indicated | 12,403,000 | 2.2 | 885,000 |
| Inferred | 6,376,000 | 1.2 | 252,000 |
| | | | |
| Total | 18,779,000 | 1.9 | 1,137,000 |

### 0.8 g/t gold cut-off

| Resource Category (JORC) | Tonnes | Grade g/t Gold | Contained Ounces Gold |
|---|---|---|---|
| Indicated | 9,634,000 | 2.7 | 828,000 |
| Inferred | 3,542,000 | 1.7 | 192,000 |
| | | | |
| Total | 13,176,000 | 2.4 | 1,020,000 |

### 1.25 g/t gold cut-off

| Resource Category (JORC) | Tonnes | Grade g/t Gold | Contained Ounces Gold |
|---|---|---|---|
| Indicated | 7,032,000 | 3.3 | 743,000 |
| Inferred | 1,901,000 | 2.3 | 141,000 |
| | | | |
| Total | 8,933,000 | 3.1 | 884,000 |

## ESTIMATION TECHNIQUES

### Modelling

A geological interpretation undertaken from drill sections was wireframed into three major lithological domains. Underground openings were interpreted from mine plans to create a preliminary wireframed void model that was later revised by Red 5 to include all logged references to voids or backfill from drill hole data.

### Statistics

Drill hole samples were composited to two metre intervals and subjected to statistical analysis. Underground sample data were declustered to reduce the effect of the high grades in later interpolations. Variograms were constructed to establish search distances for the interpolation runs – those selected were 100m along strike, 80m down dip and 80m across strike.

### Block Modelling and Estimation

A block model was constructed with block dimensions of 10m by 10m by 10m. Gold values were estimated from the composites using median indicator kriging and the inverse distance squared method (top cut 83 g/t gold). The two estimations show a high level of precision, but the slightly more conservative grade estimate from the kriged model was selected. Tonnages were estimated by applying average bulk densities for lithological types attributed to each block. Final estimates have been adjusted for underground production by removing the tonnage and interpolated grade derived from the

revised void model. The void model reconciles to within 1% of the production reported between the 400 and 700 Levels (the main production levels of the underground mine). Minor production (<100kT) from the 800 to 110 Levels (250 to 350m below surface) has not been removed from the Resource Model since the nature and surveyed location of the mining activities has not been verified. Mineralisation at these depths forms part of the Inferred Resource.

### Stope Fill

An estimate of the gold content of current stope fill was determined by Red 5 using estimated stope volumes factored for voids indicated in drill logging, bulk densities measured from recent drill holes, and mean gold grades from drill intersections with a top cut of 9.0 g/t gold (the underground mine cut-off grade). The stope fill has been included in the Inferred Resource category pending further testing.

## ESTIMATION CRITERIA

**Database integrity –** Historic drill hole data were entered and validated by IO Digital (Perth); RED 5's 2003 diamond drill holes (2) were entered and validated in-house.

**Data density –** Historic drill holes are vertical (predominantly) and angled, with variable spacing along sections approximately 20 metres apart; RED 5's 2003 diamond holes are angled; 5,953 underground samples from development levels spaced at 30 metre vertical intervals.

**Accuracy of location –** Locations of historic drill holes are from surveyed coordinates recorded on drill logs - no downhole surveys are available for historic holes; 2003 holes have been located using GPS and downhole surveys are by digital single-shot survey tool.

**Drilling techniques -** 57 historic NQ diamond drill holes, drilled from surface, or in-pit during open-cut mining. Two holes drilled in 2003 by RED 5 are a combination of triple tube PQ, HQ and NQ drill core sizes.

**Sampling techniques –** Historic holes sampled at two metre intervals; whole core split into three samples for assay; RED 5's 2003 holes diamond saw split and sampled at one metre intervals in all mineralised portions; underground samples average three samples per advance face.

**Sample logging -** Drill core photographed, measured for recovery and RQD (Rock Quality Designation), logged for lithology, weathering, alteration, mineralisation, structural orientation. Split core retained for reference.

**Core recovery –** Not routinely recorded for historic holes; RED 5's 2003 holes generally > 95%, minor areas of loss identified.

**Density (SG) -** Determined by air/water weights from whole diamond core sampled at one metre intervals. Mean values determined for all lithologies; Approximately 937 SG measurements collected from mineralised areas and surrounding host rocks.

**Quality of assay data –** RED 5's 2003 holes: one metre samples crushed and wholly pulverised to nominal -75 micron. All one metre gold assays determined by fire assay with AAS finish on 50g charges, and Cu, Pb, Zn, Ag, As and Sb by AAS. Blanks and standards routinely inserted (2 in 50). Lab repeat assays (1 in 10). Standard and repeat assays were within acceptable ranges for precision and accuracy. Historic holes assayed for gold by AAS (for each of three splits, then averaged); underground samples analysed for gold by fire assay.

**Resource Definition -** Indicated Mineral Resources reported here are those tonnages that are supported by a minimum of 6 sample composites within the variogram search distance of 100m along strike, 80m down dip and 80m across strike and where there is a confident interpretation of the continuity of this mineralisation.

Inferred Mineral Resources reported here are those tonnages that are supported by a minimum of 2 sample composites within the variogram search distance of 100m along strike, 80m down dip and 80m across strike and where additional drilling would be required to confidently interpret the continuity of this mineralisation.

**Mining assumptions –** No mining assumptions have been made regarding the Mineral Resource reported for the Siana Deposit. The Mineral Resource has been quoted using a 0.5, 0.8 and 1.25 g/t lower cut-off to reflect the nature and tenor of the mineralisation in the deposit. Preliminary scoping work will commence during the next quarter that will enable the conversion of a

proportion of the Mineral Resource to Ore Reserve status.

**Metallurgical assumptions** – Previous underground and open pit mining at the Siana Gold deposit has suggested high milling recoveries of approximately 90% are likely in any future mining operation. Historically, approximately 30% of all gold was recovered through a conventional gravity circuit. Drilling currently being undertaken at Siana will provide substantial material for the metallurgical testwork that will be undertaken over the next quarter.

**Competent Persons**

*The information in this report that relates to Mineral Resources or Ore Reserves is based on contributions provided by persons listed in the following table. Each person has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Person(s) as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" and consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

| AREA OF EXPERTISE | COMPETENT PERSON AND AFFILIATION |
|---|---|
| Geological Database | S. de la Mare, IO Digital |
| | |
| Mineral Resource Estimate | B. Armstrong, BSCG Pty Ltd |
| | |
| Stope Fill Estimate | G C Edwards, A L Govey,  Red 5 Limited, Members of AusIMM |
| Production Reconciliation and Resource Compilation | G C Edwards, A L Govey,  Red 5 Limited, Members of AusIMM |

**Siana Gold Deposit Longitudinal Section (63425E)**