



## ASX

### Activities Report

for three months ended  
30 September 2006

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

**Greg Edwards**  
Managing Director

or

**Lance Govey**  
Exploration Director

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

*The Board strategy is to focus on the development of Siana .*

Investor Inquiries:  
[info@red5limited.com](mailto:info@red5limited.com)

## OVERVIEW

### Siana Gold Project, Philippines

- Bankable feasibility study
  - nearing completion
  - outstanding are:- pit optimisation and tailings storage facility final design sign-off
- Solid grade at pit bottom extends depth potential
  - SMDD102 102 metres at 4.1g/t
  - SMDD103 64 metres at 3.3g/tl
- Mineralisation extended to 410 metres vertical and remains open
  - SMDD106 19 metres at 8.8g/t
  - SMDD107 12 metres at 4.5g/t
- Second deposit on ball mill (\$0.44 million) made on schedule

### Mapawa MPSA application

- Regulatory documentation with Surigao Mines and Geosciences Bureau - grant awaited

### AngloGold Ashanti alliance

- Outer Siana JV initiated—legal documentation in progress

### Exploration—Montague JV, Australia

- Barrick Gold (manager) commenced \$4 million earn-in with 2,500 m of air core drilling. Follow-up diamond drilling scheduled

### Finance

- Net cash position \$0.87 million
- \$2.0 million debt facility negotiated post period end

**Greg Edwards**  
Managing Director

31 October 2006

### **A quarter with frustration balanced by success.**

The bankable feasibility study is not yet concluded as we wait patiently for outstanding reports to be completed by a resource contracting industry seemingly overwhelmed by the demand for services.

Still outstanding are:- the mine pit optimisation numbers (awaiting final geotechnical input recommendations) and the final tailings storage facility design and foot print implications.

Focusing on the positive, the following were completed:- hydrogeology, metallurgy, process design and infrastructure, with resource update pending.

A major project milestone is also imminent, namely the signing of all municipal, Burangay and MGB agreements (which collectively address operational and mine closure protocols) leading to the 12 point community assistance plan which is an integral element of the Environmental Compliance Certificate award.

We also remain frustrated by the delays with the Mapawa MPSA grant. Highly prospective, as demonstrated by past production, with an eager JV partner in AngloGold Ashanti, and with proximity to Siana, the Mapawa tenement is expected to significantly contribute to the intrinsic value of the Red 5 Surigao del Norte package.

Again, on the positive side, the period was noteworthy for exploration results and the promise of increased activity.

The obliquely angled holes drilled to secure geotechnical data at the base of the proposed pit were assayed - 104 metres at 4.1g/t (including 16 metres at 8.1 g/t and 16 metres at 13.4g/t) and 64 metres at 3.3g/t. The grades reported are higher than the current resource model, which may have positive implications for the pit to be economically deepened.

Three holes were completed to further assess the potential for a large stope underground mine. Each hole intersected mineralisation which remains open at 410 metres vertical.

We should also see exploration recommence, after nearly eighteen months, on the Boyongan Corridor ("Outer Siana"), under the auspices of the AngloGold strategic alliance.

The longer timeframe for completion of the Bankable Feasibility study and the early commitment to purchasing the long lead time grinding mill has placed pressure on treasury funds. This has now been temporarily alleviated with a \$2million interim debt facility from Société Générale CIB Australia. Inherent to the offer was an extensive legal due diligence process, extending over three months covering title, ownership and JV agreements .

**Company executives are currently balancing their energies between completing the bankable study, advancing permitting, Outer Siana legal due diligence and documentation, pursuing the Mapawa grant and reviewing the 'below pit' drilling in order to optimise share holder value.**

# Siana bankable feasibility study

Multi-disciplinary studies proceeded satisfactorily, but delays in one area have extended the completion date.

Tender documents for firm quotations have been issued to various contractors, mainly Philippine for mining and all aspects of the civil engineering and process plant construction. Expressions of interest and bids were reviewed in September with most estimates within acceptable limits.

Two special purpose geotechnical holes parallel to the base of the PFS design pit were assayed on completion of geotechnical studies and show excellent potential for deepening of the final BFS design pit.

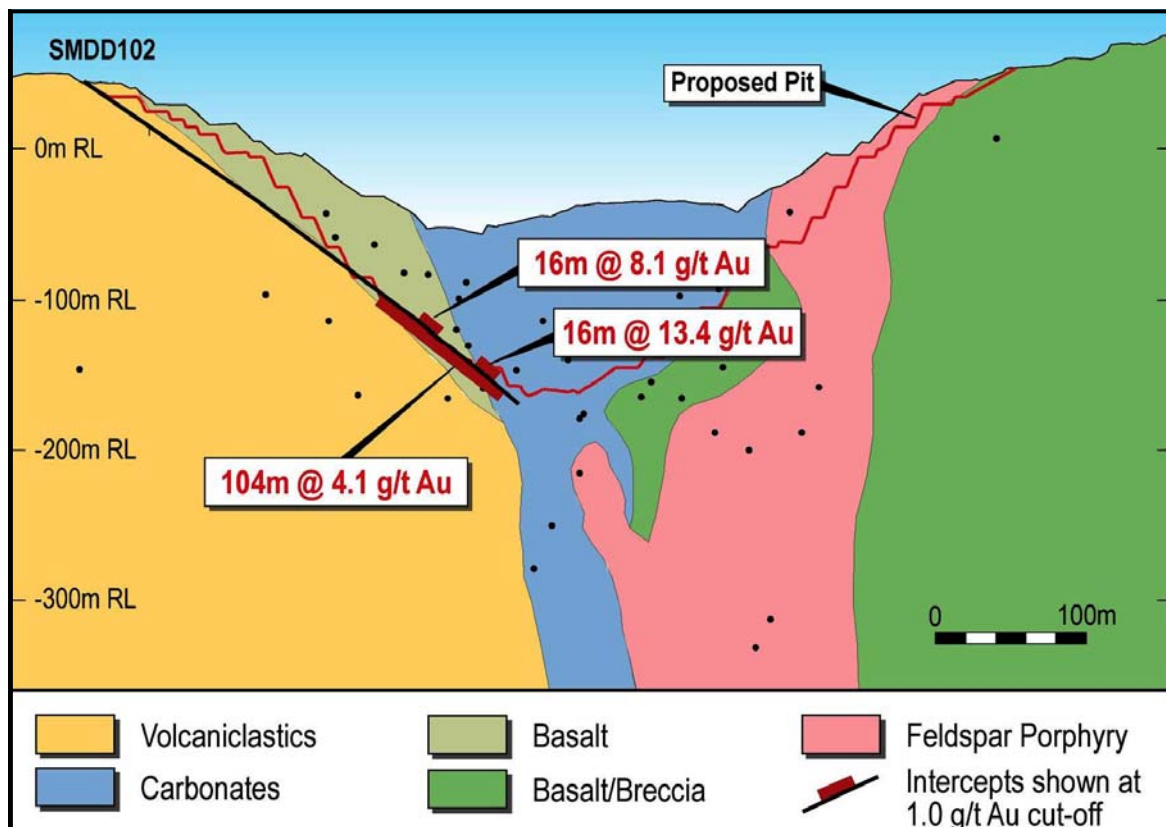
Drilled at oblique angles to the Main Zone, SMDD 102 intersected 104m (estimated true width 25m) at 4.1 g/t Au including two 16m intervals at 8.1 and 13.4 g/t Au respectively. Hole SMDD103 intersected 64m (estimated true width 33m) at 3.3 g/t Au and 4.6 g/t Ag. These results exceed the grades interpolated from pre-feasibility resource modelling for the basal portions of the pit.

Follow up diamond step-out holes were designed to test the potential for large stope underground mine development. SMDD106 intersected 19m at 8.8 g/t Au within a broader zone of 32m at 6.2 g/t Au located 70m vertically above the equivalent mineralised interval in previous hole SMDD105 (144 metres at 5.8g/t Au and 10.4g/t Ag).

SMDD107 confirmed the extension of Main Zone mineralisation to 410m below surface with 12m at 4.5 g/t Au and 12.2 g/t Ag within a broader sulphide rich zone of 44m at 1.9 g/t Au, 6.1 g/t Ag and including three metres at 3.1% Zn.

SMDD108 recently completed 80 metres south along strike intersected visible sulphide mineralisation 350 metres below surface. Assays are pending.

Deep mineralisation could be accessed by decline in parallel with open pit production leading to potentially higher mill feed grade and gold production. Detailed assessment of underground viability is not included within the current bankable feasibility study scope.



# Exploration

## **.AngloGold Ashanti strategic alliance**

AngloGold has elected to exercise their right to proceed to JV the Outer Siana area which covers a portion of the Boyongan Corridor and previous Red5 drilling at Crackerjack in 2004-05.

AngloGold are obliged to spend US\$1.5 million (managed by Red5) in the first year for no interest. Further expenditure of US\$4.5 million earns 65% of the Red5 interest and an additional US\$5 million earns 75% of the Red5 interest.

Exploration will commence post completion of both legal due diligence and documentation.

## **Mapawa MPSA Application**

Regulatory documentation has been with the Manila Central Mines and Geosciences Bureau (MGB) for eight weeks awaiting approval.

AngloGold Ashanti has previously exercised their right to proceed to a JV on identical terms to above.

## **Montague JV, Australia**

(Red 5 25% free carry)

Barrick Gold completed an air core drilling program consisting of 29 holes for 2,538m along the inferred trend of the Julia's Fault gold –arsenic anomaly in the June Quarter.

Bottom of hole multi-element assays demonstrate that gold mineralisation is associated with weak Cu, and anomalous As, Sb, Te, W and Mo.

Approximately 1,500m of RC pre-collared diamond core drilling is planned in three holes to test the Victory Creek combined gravity/magnetic target, commencing early November.

*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. A L Govey and Mr. G C Edwards who are full-time employees of Red 5 Limited and who are Members of The Australasian Institute of Mining and Metallurgy. Mr Govey and Mr. Edwards have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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. Mr Govey and Mr. Edwards consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

## **CORPORATE INFORMATION**

### **Directors and Executive 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)

### **Registered Office**

Level 2, 35 Ventnor Avenue  
West Perth WA 6005  
Telephone.....+61 8 9322 4455  
Facsimile.....+61 8 9481 5950

### **Stock Exchange Listing**

Australian Stock Exchange  
**Ticker Symbol: RED**

### **Issued Capital**

As at the date of this report,  
issued capital is 269,288,043 shares.

### **Substantial Shareholders**

Mathews Capital Partners	19.5%
AngloGold Ashanti Australia Limited	14.1%

### **Shareholder Enquiries**

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

Securities Transfer Registrar  
770 Canning Highway  
Applecross WA 6153  
Telephone.....+61 8 9315 2333  
Facsimile.....+61 8 9315 2233