



ASX

Activities Report

for three months ended
31 December 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:
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OVERVIEW

Siana Gold Project, Philippines

- Bankable feasibility study
 - all external reports received
 - audit and review in progress
 - financial modelling advanced
- Below pit mineralisation extended to 410 metres vertical
 - SMDD108 23metres at 8.6g/t
 - SMDD110 assays awaited
(70 metre diorite intersection akin to Boyongan)
- Final deposit on ball mill (\$0.86 million)
made on schedule

Mapawa MPSA application

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

Exploration—Montague JV, Australia

- Barrick Gold - two deep holes completed
 - assays and geological interpretation awaited

Finance

- Placement of 22 million shares at 10 cents (\$2.068 million net of expenses)
- Net cash position \$0.95 million

Corporate

- Gary Scanlan appointed non-executive director

Greg Edwards
Managing Director
31 January 2007

Bankable feasibility study nears completion

It is with some relief that post period end Red5 received the final recommendations for pit slope design from the independent geotechnical engineers which in turn has allowed the mining schedule, ore and waste movement and fleet requirements to be determined. Capital and operating estimates are now being reviewed and financial modelling commenced. It is expected that the outcome of the bankable feasibility will be reviewed at the February board meeting

The Company hosted a site visit by a further bank lending institution ahead of preparation of a detailed project information memorandum. The most likely bank syndicate will comprise three organisations.

During the quarter the Company raised \$2.068 million (net of expenses) in the first cash equity raise since the placement to AngloGold Ashanti in October 2004. Shares were issued to clients of Shaw Stockbroking comprising large institutions, boutique fund managers and high net worth individuals.

The proceeds have been predominantly directed to an acceleration of the successful drill programme immediately below the initial pit, where gold mineralisation has been intersected over a 300 metre strike length. The position is 200 metres below the pit and has a 15-20 metre true width and potential 2.0-2.5 million tonne target. Grades intersected in the target zone include 25 metres at 10.3 g/t, 19 metres at 9.1 g/t, 12 metres at 25 g/t, 42 metres at 10 g/t, 19 metres at 8.8 g/t and 23 metres at 8.6 g/t.

Hole SMDD110 was recently completed at 800 metres down the hole, and whilst assays are awaited, the initial geological interpretation is akin to the nearby Boyongan copper gold porphyry deposit.

The SG CIB \$2.0 million loan is available to be drawn upon with all conditions precedent now met or agreed to be a condition subsequent. The loan was put in place to predominantly finance the ball mill—the last payment for which has been made.

And finally, we are delighted to have Gary Scanlan join the board as a non-executive director. His background includes Executive General Manager—Finance for Newcrest Mining and the appointment coincides with Siana reaching the final stages of the bankable feasibility study and the commencement of finance discussions.

Nicholas Smith
Chairman

Multi-disciplinary studies

Environmental—results of acid mine drainage tests on waste rock indicate low risk potential; final report from BMP awaited.

Updated geological model and resource estimation for use in pit optimisation and design studies completed by Hellman & Schofield

One diamond hole (SMDD109) completed at the proposed mill site for geotechnical engineering purposes.

Final pit design and schedule completed post period due to mid December delays consequent upon receipt of final pit slope recommendations by geotechnical consultants.

Report on taxation and corporate considerations received from KPMG.

Final capital and operating expenditure estimates under review post period.

Final financial modeling in progress.

Deep drill programme

Deep diamond step-out drilling designed to test the potential for large stope underground mine development continued.

Final results for SMDD108 completed last quarter contained 23 metres at 8.6 g/t Au and 6.3 g/t Ag from 357metres within a broader zone of 44 metres at 5.4 g/t Au. Significant copper and zinc mineralisation accompanies the gold with 18m at 1.1% Zn from 357m, and 2m at 2.0% Cu from 349m.

The intersection is centred 305 metres below surface and 200 metres south of discovery hole SMDD105 (144 metres at 5.8 g/t). Mineralisation is open to the south at depth.

SMDD110 with a target 50 metres north and 100 metres deeper than the SMDD105 intersection commenced late November and was completed at 800 metres mid January.

Significant vein, fracture fill and disseminated zinc-copper-lead sulphides occur in a 70 metre intersection of dioritic intrusive rock not previously encountered at Siana. The sulphides occur at a vertical depth of 475metres. Assays are awaited.

The diorite could be the ultimate source of the gold rich mineralisation encountered at shallower levels at Siana. At district scale the nearby Boyongan copper-gold porphyry deposit is hosted in diorite, and other similar deposits elsewhere along the Philippine Rift Zone commonly occur in this rock type.

The current geological model will be revised to reflect the results from recent drilling.

Exploration

Mapawa MPSA Application

Regulatory documentation remains with the Manila Central Mines and Geosciences Bureau (MGB) awaiting approval.

Communication with the MGB has been maintained with the assistance of joint venture partner Merrill Crowe Corporation in an attempt to have the MPSA approval process completed as quickly as possible.

Joint venture documentation with incoming party, AngloGold Ashanti, continues.

Montague JV, Australia

(Red 5 25% free carry)

Barrick Gold completed two diamond drill holes at the Victory Creek gravity/magnetic target, commencing early November.

RCD1 was completed at 649metres in a polymictic conglomerate, with common mafic clasts. Patchy zones of moderate sericite-carbonate-haematite(?) alteration,

weakly quartz veined, and with weak sulphide (pyrite, trace chalcopyrite, galena) were logged in the upper to mid portions of the hole.

Full descriptive reports and assays for the two holes are awaited from the manager.

Finance

- Net cash position at the end of the quarter was \$0.95 million.
- An equity capital raising of \$2.068 million after expenses was completed through Shaw Stockbroking.
- Purchase of the ball mill for Siana was completed with a final payment of A\$862,000.
- \$2.0 million debt facility arranged with SG CIB Australia to replace funds used in the purchase of the ball mill. (currently undrawn)

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)
Gary Scanlan	(Non-executive Director)
Frank Campagna	(Company Secretary)
Manny Ferrer	(Philippines-based)
Attny E Panimogan	(Philippines-based)

Registered Office

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Stock Exchange Listing

Australian Stock Exchange
Ticker Symbol: RED

Issued Capital

As at the date of this report,
issued capital is 291,288,043 shares.

Substantial Shareholders

Mathews Capital Partners	19.3%
AngloGold Ashanti Australia Limited	13.0%

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