



**ASX ACTIVITIES REPORT**  
**3 months ended**  
**31 December 2008**

**Red5 Limited**

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

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

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

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**OVERVIEW**

**Siana Gold Project, Philippines**

- High grade resource extensions northward and at depth: SMDD132 (8 metres at 13.4 g/t gold), SMDD129 (15 metres at 18.9 g/t gold and 8.1 metres at 85.0 g/t gold), SMDD134 (5 metres at 25.4g/t gold)
- Underground resource report by Cube Consulting near completion
- Public Hearing on Environmental Impact Assessment successfully completed
- Environmental Compliance Certificate processing in progress
- Corporate restructure implementation in progress
- Infrastructure design continues
- Capital cost expected to fall with declining steel prices and EPCM construction rates

**Mapawa MPSA and JV**

- Endorsement and grant awaited

**Finance and Corporate**

- Cash position \$26.9 million (unaudited) at period end
- Société Générale loan and interest, \$2.3 million repaid post period end

**Greg Edwards**

*Managing Director*

30 January 2009

## CHAIRMAN'S REVIEW

**Red 5 has made material advances to the outstanding permitting, technical and legal elements required before the Board can move to approve the development of Siana , subject of course, to acceptable finance.**

A Public Hearing on the Environmental Impact Statement, managed by the Department of Environmental and Natural Resources, was held in early December 2008. Attended by nearly four hundred people comprising residents from the host and neighbouring communities, Local Government Unit officials, the Assistant Secretary of the DENR, Regional Directors of the Environmental Management Bureau (EMB) and the Mines and Geosciences Bureau, the members of the Environmental Impact Assessment Review Committee (EIARC) and representatives of civil society organizations, the meeting was a complete success and a credit to the Government agencies, Company advisors and Company personnel involved. The process has advanced materially with drafting of the Environmental Compliance Certificate (ECC) by the EMB in progress. Final execution of the ECC by the EMB and DENR is awaited.

On the technical front the underground resource upgrade estimate is complete and awaits final authorisation. Mine design options will be reviewed by the Board in early February.

Drilling on site is now suspended pending completion of the underground feasibility study. Results were received for Hole SMDD134 – 5 metres at 25.4 g/t gold, 48 g/t silver and 2.4% zinc, the deepest hole to date towards the northern end of mineralisation. Results of the final hole in the programme, SMDD135, are awaited. Both results miss the cut-off date for the underground resource estimate.

As foreshadowed in recent Company commentaries, it is clear that circumstances in the mine construction services industry have changed markedly in recent weeks. Reputable engineering groups are now aggressively seeking construction mandates despite a significant reduction to their workforce numbers. This will ultimately result in a lower construction cost for Siana, but Red 5 must be ready to participate in this window of opportunity.

On the finance front, the global banking environment remains volatile. A number of debt financings have been completed, albeit on terms that are onerous. More recently, a number of significant equity raisings have also occurred, exclusively in gold.

Regrettably, Société Générale has advised Red 5 that their current lending mandate will preclude them from continuing in their role as debt arranger. Accordingly, we took the opportunity, on modestly advantageous terms, to repay the existing \$2 million loan plus capitalised interest, originally secured to purchase the SAG mill and crusher. Red 5 acknowledges the strong support provided by SGCIB to the project over the last three years. Discussions with a replacement lead bank arranger have commenced.

**Colin G Jackson**  
*Chairman*

## Project Implementation

Following statutory national advertising a Public Hearing was conducted by the Philippine Department of Environment and Natural Resources (DENR) on 5 December 2008. It was attended by 400 people comprising residents from the host and neighboring communities, Local Government Unit officials, the Assistant Secretary of the DENR, Regional Directors of the Environmental Management Bureau (EMB) and the Mines and Geosciences Bureau (MGB), the members of the Environmental Impact Assessment Review Committee and representatives of civil society organizations (CSOs).

There was no dissent to the Siana project and no anti-mining submissions prior to or during the Public Hearing.

In accordance with international best practice, Red5 conducted separate Education and Information Consultation meetings with each municipality and barangay, and with various stakeholder groups, including CSOs, ahead of the Public Forum to discuss the project impacts and the mitigating measures to be implemented.

Following the satisfactory technical review of the EIS and high level of community acceptance, the processing of the Environmental Compliance Certificate (ECC) is in progress.

Finalisation and submission of the detailed Declaration of Feasibility document to the MGB has been deferred for a short period pending completion of the underground feasibility study.

Incorporation of the Philippine operating entity is in progress. Once completed, the request for formal transfer of the Siana MPSA title to the operating entity will be lodged.

## Engineering

Geotechnical parameters of in-situ tailings have been incorporated into final design work for the tailings storage facility. Draft embankment and decant system design completed with water balance and pump sizing to be finalized.

A design report and construction specifications will be issued this Quarter.

Detailed quotations for the manufacture of a new girth gear for the mill were received this month with assessment in progress.

Post completion of design, construction costing for the site accommodation camp, offices and other structures commenced.

The September 2008 capital cost estimate to first gold production of US\$73.3 million is expected to fall following reductions in steel, copper and fuel prices (including pre-strip mining and piping), and a significant decline in demand for engineering design and construction services affecting EPCM costs.

## Schedule

Based on the commencement of detailed engineering prior to finance approval in 2009, commissioning would be expected third calendar quarter 2010.

## Underground resource estimation

The geological model was updated to include seven low tonnage, medium to high grade lenses within the eastern basalts, in addition to the three main carbonate hosted lodes.

The revised Resource estimate, consistent with JORC guidelines, is expected shortly in a formal report from Cube Consulting.

## Underground metallurgy

Internet Engineering issued a final report on metallurgical testing of composite samples representing gold intervals from low sulphide shallower levels of the underground mineralization (designated 'low zinc', average less than 1%Zn) and higher sulphide deeper levels (designated 'high zinc', average greater than 2%Zn).

Recovery of gold by gravity, followed by cyanide leaching, using the open cut process flowsheet gave gold recoveries of 88% and 84% for the low zinc and high zinc samples respectively. This is similar to the average projected recovery of 85% achieved for open cut ore.

Should the zinc metal price recover to more favourable levels test work has shown that a saleable zinc concentrate (50% Zn and less than 8% Fe) can be produced by a simple flotation circuit at high recovery (93% to 96%) from high zinc mineralization.

Space for the potential future installation of flotation cells, associated leaching circuit and concentrate de-watering will be included in the EPCM detailed plant design.

## SIANA DEVELOPMENT

### Underground extension drilling

Drill results demonstrated excellent high grade extensions northward and at depth to the underground mineralised boundaries.

SMDD130 (5 metres at 6.7 g/t gold), SMDD132 (8 metres at 13.4 g/t gold) and SMDD129 (two of the best intersections to date – 15 metres at 18.9 g/t gold and 8.1 metres at 85.0 g/t gold) indicated extensions of approximately fifty metres at depth, and fifty metres to the north respectively.

The SMDD130 intersection is the deepest to date at almost 500 metres below surface while the SMDD129 and 132 northern extension occurs at a level more amenable to earlier access during mine development at approximately 270 metres below surface.

In-fill hole SMDD133 (6 metres at 4.1 g/t gold) has increased confidence in the southern portion of the resource at approximately 350 metres below surface.

SMDD134, completed post cut-off for the Mineral Resource upgrade, intersected 5 metres at 25.4g/t gold, 48 g/t silver and 2.4% zinc consistent with Lens 1, the westernmost of the three main lenses. The intersection occurred 130 metres below a similar intersection in SMDD105 (12.1m at 25.5g/t gold) and remains open at depth toward the northern end the mineralisation.

The deposit remains open to the north, south and at depth with good potential for future extensions.

Drilling has been suspended pending completion of the underground feasibility study.

### Siana drilling results (cut-off 2.0g/t Au)

Hole no	From (m)	Interval (m)	Au (g/t)	Zn (%)
SMDD129	304	15	18.9	<0.1
	351	8	85.0	0.3
SMDD130	569	5	6.7	0.2
SMDD132	319	8	13.4	0.1
SMDD133	402	6	4.1	0.1
SMDD134	541	5	25.4	2.4

### MAPAWA MPSA

Endorsement and grant awaited.

*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

**Colin Jackson** (Chairman)  
**Greg Edwards** (Managing Director)  
**Lance Govey** (Executive Director - Tech)  
**Peter Rowe** (Non-executive Director)  
**Gary Scanlan** (Non-executive Director)  
**Raj Surendran** (Chief Financial Officer)  
**Bill Darcey** (Project Manager)  
**Frank Campagna** (Company Secretary)  
**Lolot Manigsaca** (Philippines-based)  
**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 –  
659,288,043 shares  
Unlisted options – 21,300,000

### Substantial Shareholders

Mathews Capital Partners 19.0%  
AngloGold Ashanti Australia 10.2%  
Ross Stanley 8.0%

### 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  
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