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.

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

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Siana Pre-feasibility study complete. - Bankable feasibility study advanced.

All elements of the pre-feasibility study are now complete and indicate both a technical and financially viable project:

- **IRR of 27% at a gold price of US$600 per ounce**
- **Cash operating cost estimate US$253 per ounce**

Numerous aspects of the bankable feasibility study are well advanced with attention focused on time critical elements.

Joint venture partners Merrill Crowe Corporation and Red 5 subsidiary Greenstone Resources have recognised the potential for a two stage development at Siana.

The partners have decided to progress the first stage mine plan which has less project risk and greater bankability due to a higher Resource drilling density, lower capital, shorter lead time and ability to operate within the original mine site footprint.

Key facts:-

- First Stage Mine Plan PFS Financials:

Gold price (US$/oz)	500	**600**	700
Net cash Flow (US$M)	38.5	**73.6**	109.0
IRR (%)	15.1	**27.4**	39.2

- Pit optimisation and PFS mine design was completed at US$550/oz and indicates production of 5.2 million tonnes at 2.4 g/t gold and 4.3 g/t silver.
- The JV proposes to develop an open-pit and nominal 0.75 million tpa conventional process plant delivering 344,000 ounces of gold and 349,000 ounces of silver over an initial mine life of 86 months.
- The initial capital cost to first gold pour is estimated at US$ 44.5M inclusive of early site infrastructure (US$1.0M), escalation and contingency (US$4.7M), and bankable feasibility study cost (US$1.8M).

Opportunities

The JV is considering an expanded mine scenario with higher mill throughput (approx. 1.5 Mtpa) over a similar mine life using a fleet of larger mining equipment potentially recovering the majority of the Indicated Mineral Resource (11.46 million tonnes at 2.40 g/t) and any upgraded Inferred material within the pit.

This second stage is being considered for implementation after the second year of operation assuming continuance of strong metal prices and some confirmatory drilling.

A pit optimisation model and mine design based on conservative metal prices and resources will be completed as part of the bankable feasibility study.

The pre-feasibility study capital cost is based on new equipment costs. Intermet, the process design consultants, are currently estimating refurbishment costs for a suitably sized second hand grinding mill and other equipment.

A positive outcome would reduce the process plant capital cost and shorten the delivery/installation lead time.

Intermet is also currently examining tails flotation to improve the gold and silver recovery of run of mine CIL tails and re-treated tails.

Based on the US$550 per ounce design, modest improvements to the precious metal recovery have the potential to increase cash flows up to 15% at current prices and lower cash operating costs and total operating costs by approx. US$20 andUS$30 per ounce respectively in the first stage mine plan.

Bankable Feasibility Study

Numerous elements of the bankable feasibility study are well advanced with particular focus on time critical elements and opportunities for increasing project value of the stage one development.

The plant site foot print is near finalisation and is the primary outstanding element required to complete the Environmental Compliance Certification process.

Current activity on site includes geotechnical drilling and trenching primarily in the area of the planned mill site and tailings dam.

Detailed mine dewatering and pre-strip mining costs, currently estimated at US$10.1 million, are subject to further optimisation and refinement.

Intermet is progressing well with the process plant and infrastructure design and all consultants have confirmed completion in the September quarter 2006.

This indicates, subject to finance, a March quarter 2008 commencement of gold production.

Continued discussions with banking institutions during the BFS will enable an early decision to progress to the Engineering, Procurement and Construction stage of the project.

Greg Edwards
Managing Director
1 May 2006

DISCUSSION

The following discussion provides a summary of the key aspects, methodologies, results and conclusions from the Pre Feasibility Study Report (PFS) that form the basis of the on-going Bankable Feasibility Study (BFS).

FINANCIAL MODELLING

The detailed PFS is comprised of three major cost analyses: a Capital Cost, Operating Cost and a consolidated Financial Model.

The Capital Cost Model includes areas of estimated expenditure relating to the construction of all facilities on site and the pre-stripping of the open-pit to the first gold pour. The model covers Legal, Environment and Community, Geotechnical, Hydrology/ Hydrogeology, Processing (including TRS construction), Mining (dewatering and prestrip) and Infrastructure and Project Plan Implementation (commissioning, recruitment).

The Operating Cost Model provides costs in the areas of life of mine (LOM) administration, processing and mining. The mining costs (including the prestrip costs in the Capital Cost Model) are derived from a detailed and separate mining cost analysis summarised later in this report. Assumptions and estimates for grid power, fuel, equipment, consumables and foreign exchange rates have been provided by appropriate and reputable suppliers or estimators as the case may be.

The PFS Financial Model amalgamates the PFS mine schedule, Capital Cost and Operating Cost models. Key sensitivities, including individual operating costs, direct and indirect capital costs, mine and processing recoveries and mine head grades have been dynamically modelled as part of this process.

Work during the BFS will finalise the plans for all areas of the capital construction and the operating mine.

An Ore Reserve as defined by the JORC Code 2004, cannot be quoted at this time. As such the results of the PFS financial analysis are subject to the completion of the BFS.

The Net Cash Flows and IRR's stated are based on the cash flows from the commencement of the main phase of construction (prestripping, dewatering, plant and major infrastructure).

The exchange rates used in this analysis are PHP53.4:USD1.00:AUD1.39. The fuel (diesel) and grid power prices used throughout the model are USD0.52/litre and USD0.059/kWhr respectively. Separate costing models have been formulated for each of the foreign exchange rates, fuel and power costs.

GEOLOGICAL AND RESOURCE STUDIES

The geological and Resource aspects of the project have been the subject of studies by a multidisciplinary team of Joint Venture staff and external consultants. The Joint Venture partners comprise Merrill Crowe Corporation and Greenstone Resources Corporation (a Philippine subsidiary of Red 5 Limited).

Lithological Domains

Siana gold (silver-lead-zinc) mineralisation is characterised as a high sulphidation regime of epithermal affiliation, hosted predominantly within tectonised and altered carbonate and basaltic lithological assemblages. The stratigraphy at Siana is conveniently grouped into six lithological domains. From west to east the three major domains include a package of barren to weakly mineralized west dipping sediments and interbedded basalts (*Domain 100)*, a central strongly mineralized black to dark grey carbonate rich sedimentary package (*Domain 200)*, and a well mineralised eastern basalt assemblage with interbedded sediments/breccias (*Domain 400)*.

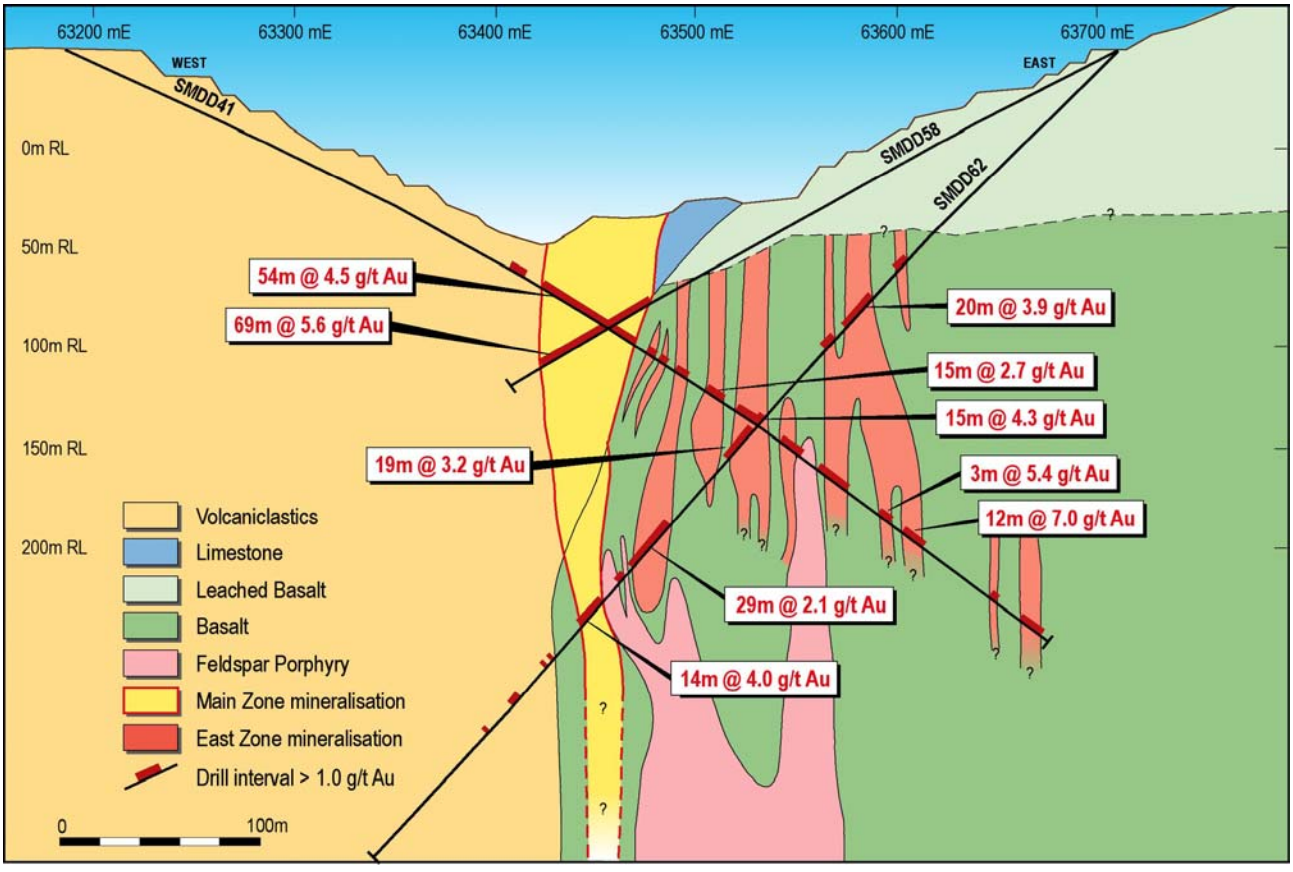
The central carbonate rich zone (*Domain 200)* includes a sub-domain classified as "Caved Zone" (*Domain 700,* area disturbed by underground mining). The central carbonate assemblage is often brecciated, consisting of a very poorly sorted accumulation of manganoan limestone fragments with minor mudstone, siltstone, coal, sandstone, and volcaniclastic debris set in a dark, calcareous muddy matrix.

Less volumetrically important are a thin domain of mixed basalt and sediments immediately west of the central carbonate zone (*Domain 300)*, an essentially barren black mudstone unit underlying the carbonate zone (*Domain 500)*, and a barren to weakly mineralised feldspar porphyry intrusive (*Domain 600)*.

Mineralization is predominantly hosted in the central carbonate and eastern basalt domains within strongly altered zones comprising fine grained clays, quartz and carbonate.

The three major domains are interpreted to be separated by major faults. As a consequence the central carbonate domain, for the most part, has been strongly brecciated and veined during multiple tectonic/hydrothermal alteration events. The domain model is based on a rigorous lithological interpretation on balanced cross-sections and level plans. Extensive use of core photographs together with drill logs ensured best possible consistency in the interpretation. The reliability of the model has been well tested by successful predictive targeting of new drilling.

Interpretation of the caved domain relied on visual identification and logging from Joint Venture drilling, annotation of caved material and timber in historic drill logs, scrutinisation of underground level plan gold grades to assess the most likely areas of stoping (ie above mine cut-off), and examination of the Suricon longitudinal projection of the mine workings. Other evidence was gleaned from detailed underground mining commentaries in the Suricon Annual Reports to 1960.



Siana Cross-Section 55100 North

Structure
In gross structural terms the deposit is located at the intersection of two linear features evident on aeromagnetic imagery that are interpreted respectively as the Surigao Valley Fault (NNW) and a conjugate north-east structure. In detail, historic pit mapping shows an abundance of NW and NE striking macroscale brittle faulting in similar orientations. A major fault on the west side of the main orebody (evident from pit mapping and Joint Venture drilling and interpreted to be a segment of the Surigao Valley Fault) strikes generally north-south and dips east at ~60^0 degrees in the southern pit area, but becomes sub-vertical in the north. This structure forms a major lithological domain boundary between the mixed sediment package to the west (Domain 100), and the central ore hosting carbonate package (Domain 200, dominated by limestone).

The central carbonate stratigraphy appears to occupy a structure that grossly resembles a half-graben, thinning to the east. Carbonates are underlain by a basaltic assemblage.

The north end of the deposit is dominated by a barren feldspar porphyry intrusive with mapped faults trending north-west and north-east along its southern contact. Drilling has shown the north-west structure to be strongly gold mineralised in part.

Mineralisation
In cross section, the Domain 200 central carbonate breccia varies between 20m to 80m in width below the old open pit floor. Adjacent and west, the Domain 100 volcaniclastic sediments are often bleached and carbonate altered, and host some economic gold mineralisation. Distal chlorite altered sediments are barren. The basalt hosted mineralisation to the east occurs in numerous discrete soft, bleached, pyritic alteration zones, often 10m or more in width, over a lateral distance of approximately 140 metres. Hard fresh basalt between the lodes is barren. Mineralisation progressively narrows to the south in both the carbonate and basalt hosts, but is known to persist to approximately 400m below surface.

Gold Occurrence
Gold is generally fine grained and well distributed within the altered host rocks. Evidence from all sources to date, including rare occurrence of visible gold in core, screen fire assay tests, metallurgical tests and petrographic examinations, indicate that the grainsize is generally finer than 75 micron, and that the gold is essentially free milling. Evidence to date indicates an association between gold and hydrothermal quartz ± cogenetic carbonate and sulphides.

The historic gravity recovery of gold (~30%), and recent high gravity recoveries from tests on carbonate (42%) and basalt (52%) composite samples are further evidence of the free milling nature of the gold.

JV Resource Drilling Programme
No further exploration drilling was undertaken at Siana post mine closure until the commencement of the Joint Venture campaign in February 2003. Reverse circulation percussion and diamond drilling was conducted early in the year with encouraging results.

A major resource diamond drilling programme under and along strike from the old open pit commenced in November 2003 and continued until February 2005, including specialized holes for geotechnical, metallurgical and comminution studies. A total of 53 core holes (SMDD002-085, not inclusive) for 21,432 metres were drilled and included in the Resource model the subject of the PFS report.

Mechanised air core drilling programmes were completed on the three tailings ponds and in the vicinity of the old mill site (late 2004-early 2005). A preliminary bulk sampling programme of low grade surface dumps was also completed, with more detailed sampling undertaken in February-March 2006.

Sample Location, Collection and Security

Origin and validation of historic data
All available data from historic surface drilling, underground sampling, open pit mapping, open pit grade control sampling, survey pick up of dumps, tailings ponds and infrastructure

have been captured from hardcopy drill logs, level plans, surface plans, cross sections and long sections, technical reports, files and Suricon annual reports. Most data have been converted into digital form by Snowden Mining Industry Consultants (Snowden) or the Joint Venture.

Survey Control
The accuracy of drillhole collar data and other accuracy dependent data collected on site using a survey grade Sokkia GSR2650 differential GPS instrument is computed to be +/-0.25 metres.

Site Topographic Model
A digital terrain model (DTM) for use in mine planning and resource estimation was constructed from 3D point data derived from three sources:

- ground survey measurements recorded by Joint Venture personnel (32,940 points).
- pit and waste dump surveys from Suricon site plans (2,377 points)
- a digital terrain model constructed from stereo-pair Ikonos satellite imagery (subsampled at 50mx50m, 2,247 points). The DTM was constructed using the local mine grid coordinate system.

The Joint Venture ground survey data were collected between November 2004 and March 2005. Surveys were collected at nominal 5m x 5m and 10m x 10m spacing, referenced daily to a local base station. Data were recorded in UTM zone 51N projection, using WGS84 as the horizontal and vertical datum, and converted to the local mine grid.

Orientation of Drilling
The mineralization at Siana occurs over broad widths (up to 80m in the central carbonate zone) but the deposit envelope is orientated approximately north-south with lobes extending to the north-west and north-east. The drilling grid was orientated at 090^0 - 270^0 (magnetic), a less than one degree variance from the original Siana Mine Grid.
The majority of the resource holes were drilled toward magnetic east or west, with several notable exceptions – the first deep exploration hole, SMDD2 was drilled to the north east due to early access difficulties, and three holes (SMDD80, 84 and 85) were specifically directed from north to south (180^0 magnetic) to better define the feldspar porphyry contact, and to capture geotechnical data. Several others were drilled off grid for specific access related reasons, or were dedicated geotechnical holes.

Drill hole planning and collar surveys
Consideration was made of the collar locations with respect to existing access and finally designed to intersect the Siana 'Main Zone' (Domain 200 carbonate) and 'East Zone' (Domain 400 basalt) mineralization according to a nominal 40mx50m (northing x RL) spacing. Holes were designed to be collared at between 23^0 and 45^0 dip to intersect the Siana 'Main Zone' mineralisation from immediately below, to approximately 200 metres below, the current pit floor. Allowance was made for an increase in dip from the horizontal with depth. The vast majority of holes were designed to intersect the mineralized target with PQ3 diamond core, and at the very least HQ3.

Drill holes were sited with handheld Garmin 12XL GPS units that have horizontal accuracy of one to three metres. On completion, collars were surveyed using the Sokkia GSR2650 DGPS unit with horizontal and vertical accuracy of approximately 0.25 metres.

Drilling Techniques
Joint Venture diamond drilling was undertaken using United Philippines Drilling (UPD) sled portable CS1000 6PL diamond drill rigs. These rigs are capable of drilling depths of ~350m, ~600m and ~1,000m of PQ3, HQ3 and NQ3 diamond core respectively. During the drilling operations, a Geological Aide was present at the rig at all times (rigs ran 24 hours per day continuously) specifically to record drilling progress, core recovery and downhole surveys.

Holes were pre-collared to a depth of between 30 and 100 metres using tricone roller bit/mud rotary drilling and cased off with PW casing before PQ3 diamond drilling. Diamond coring continued at least 40 metres past the end of the intended target.

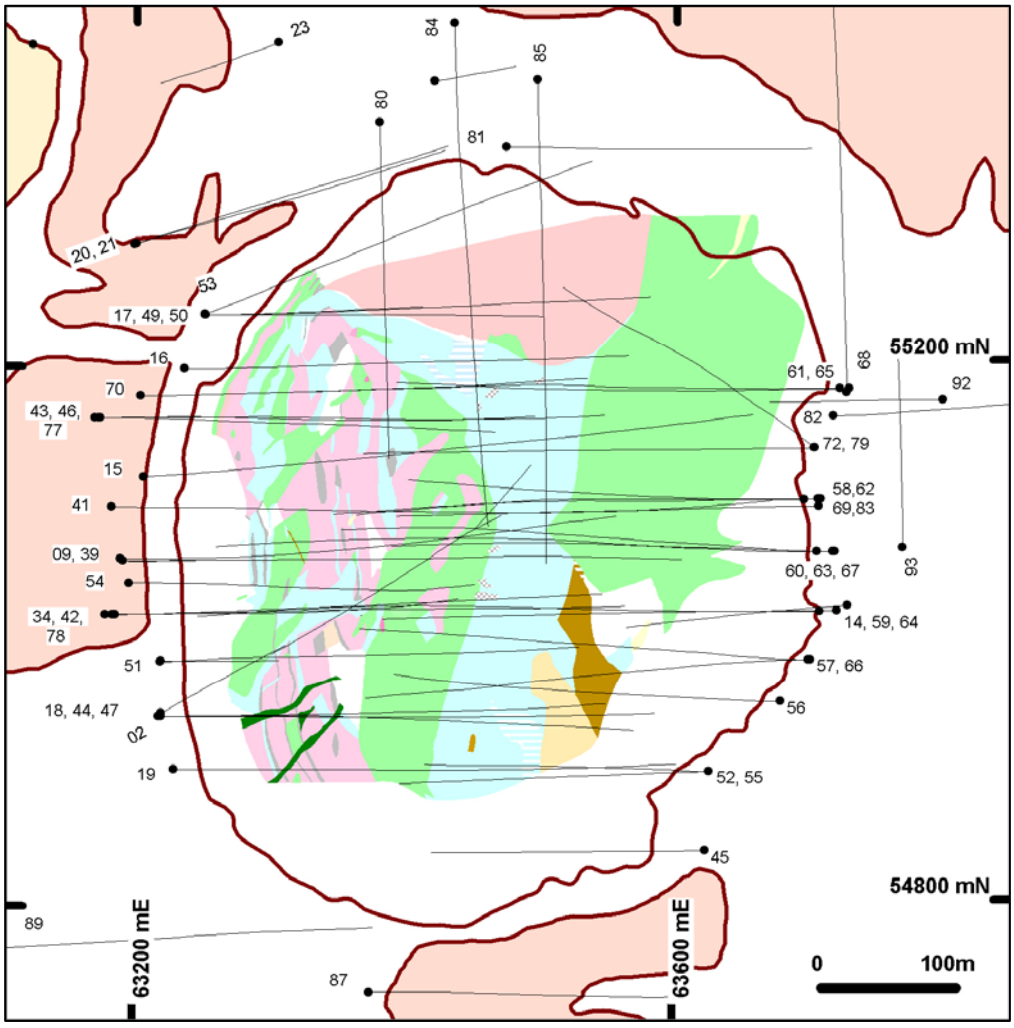
Downhole surveying
Drill holes were down hole surveyed using a Reflex single shot electronic survey tool supplied by UPD, on a nominal 30m basis. The survey tool was checked on surface for accuracy on a periodic basis. Where results from the survey tool were considered substandard, the particular portion of the hole was resurveyed where possible.

Core orientation
Up to and including drill hole SMDD055 all core orientation used a crayon spear method of marking the bottom the core. Since SMDD056 orientation of drill core used a commercial core orientation system when drilling HQ3 core, and crayon spear for PQ3.

Core recovery
Core recovery was measured at the drill site. Markers were placed in trays where core was lost, or where the hole passed through minor voids due to previous mining.

Specific Gravity Determinations
Bulk density determinations were carried out routinely at site. All mineralised zones were measured as well as the footwall and hangingwall waste material. Samples of core were taken from each metre sample interval, weighed and the SG determined using the "Archimedes Principle" water displacement method.

A total of 18,400 SG determinations were made during the resource drilling programme



Siana Gold Deposit Drillhole Locations

(to SMDD85, plus SMDD87,89,92 and 93 in near-pit waste), with a total of 2,913 reporting gold grades greater than 0.2g/t and 1,356 reporting grades greater than 1.0g/t.

Geotechnical Logging
Geotechnical logging of diamond core was overseen by BFP Consultants (now Mining One Pty Ltd). A total of 44 holes in the current Resource estimate were systematically logged, including 12,600 routine RQD measurements, and a number of other parameters from oriented core including Q, Q', RMR and MRMR.

Geological Logging
Core was logged by senior Filipino geologists and coded data were entered into a standard format spreadsheet, using two data entry clerks. Key fields are lithology, alteration and mineralization; minor fields include colour, texture, structure, weathering and comments.

All diamond drill core was systematically photographed at high resolution before sampling. The database currently holds 4,500 core photographs (approximately 9,000 core trays).

Sampling
Altered and mineralised sections of the holes were sampled on a one-metre basis after splitting with a circular diamond-tungsten saw. PQ3 (83mm) diameter core was sampled by taking approximately one-quarter fillet, and HQ3 diameter core (54mm) was sampled by taking a one-third fillet for analysis. NQ3 diameter (46mm, rarely drilled), was split into equal halves. Further splits were later taken from selected holes for metallurgical purposes – these were taken from a central slab of core.

Soft sections of core, particularly in the mineralised zones, were wrapped in tape before cutting to effectively maintain sample competence. In the later cutting for metallurgical sampling all the mineralised zone was wrapped with tape.

Transport and Security
Samples were stored in a locked and patrolled storage pen on site, prior to transport to Manila by ferry. Each transported batch was accompanied by a Joint Venture staff member until delivery and handover at the laboratory.

Audits and reviews
A detailed inspection of the laboratory facilities and procedures was conducted by the Management of the Joint Venture prior to commencement of resource drilling in February 2003. Spot inspections were later made to review lab cleanliness and procedures during processing of Siana core samples. On each occasion the laboratory was observed to have maintained very high standards in the sample preparation area, fire assay facility and wet chemical section, and to follow accepted procedures in sample preparation and analysis.

Independent inspection and review of the site data collection, sampling methods and QA/QC procedures, and the McPhar laboratory sample preparation facilities and analytical techniques has been undertaken by Snowden and found to be within standard industry practices.

Data Verification
All Joint Venture drill hole planning, drill hole surveys, core recovery, specific gravity and magnetic susceptibility determinations, geological logging and geotechnical logging are first recorded on data entry forms and checked by the Geologist in Charge of the site. These data are manually keyed to spreadsheets, checked and verified by the Geologist and transferred to Australia by email. Drill hole records are copied for site files and originals retained in Perth.

In Perth, data are checked by a senior database geologist prior to entry to a backup database and dispatch to ioDigital (a division of ioGlobal) for contracted database management and maintenance within acQuire software. ioDigital validated data and generated routine QA/QC reports on assay batches. ioDigital has provided this service for all drilling and sample data over the Siana Gold Project since commencement.

Quality Control

Accreditation
All routine samples have been processed at McPhar Geoservices (Phil.) Inc located In Makati, Metro Manila. The laboratory is accredited with ISO 9001 certification, and is a regular participant in the Australian based Geostats Pty Ltd international laboratory quality monitoring scheme.

Umpire check analyses including fire assay (Au), AAS (multielements), sizing analysis, and screen fire assay (Au) were completed by Amdel Laboratory in Perth, (NATA registered for ISO/IEC 17025 and accredited for AS/NZS ISO 9001). Amdel is also a participant in the Geostats quality assurance survey.

The Joint Venture commissioned Geostats to report on the performance of both laboratories over the period April 2003 to April 2005. The regular surveys include distribution of sets of samples to over 120 laboratories worldwide. Elements of particular relevance to the PFS report include gold by fire assay, and silver, copper, lead, zinc and arsenic by AAS.

Over the surveys completed during the review period Geostats concluded that both laboratories performed very well for all elements (gold, silver, base metals and sulphur) and were capable of producing high quality results. Ninety percent of biases associated with both laboratories' results were within 1.0 standard deviation.

Gold Assay Method
Approximately 50g of sample pulp was used for fire assay gold analysis with AAS finish (Method PM-6, 0.005 ppm DL). Each charge of 30 crucibles contained 26 unknown samples, two replicates, one internal laboratory standard, and one blank.

Multielement Analytical Method
Routine analyses included silver (0.5ppm DL), copper (5ppm DL), lead (5ppm DL), zinc (5ppm DL) by AAS following concentrated HCl and HCl/HNO3/HClO4 leach in latter stages on 1g sample, and arsenic/antimony (1ppm DL) by vapour generation/AAS from the same acid leach. McPhar inserted two or three internal standards and one blank for every 100 samples.

The lab conducted 10% routine repeat analyses on a new 50g fusion (for gold), or new acid digest (for other elements) in addition to random repeat analyses.

Sizing Analysis
The quality of the McPhar sample preparation (nominal P90-75 micron) was tested initially at Amdel by wet sizing analysis of bulk fines for random samples from 21 resource drill core batches. These data were supplemented by dry sizing results (-75 micron) from screen fire assay tests.

McPhar consistently achieved excellent sample pulverisation to nominal P90-75 micron, with rare cases falling within the 80-90% range. Results from the dry sizing tests are considered to be conservative, as adhering or agglomerated fines would inevitably report to the -75 micron fraction on wet screening.

Standards
Joint Venture
Australian sourced gold standards (120g pulps, -75 micron, supplied by Gannet Holdings, Perth) were included In analytical batches from the inception of drilling . At start-up, standards or blanks were inserted every 50 samples, but as the programme evolved the frequency of use was increased to 1:20 and additional gold standards were introduced to cover a wider grade range (0.4g/t to 6.0g/t).

McPhar
The same internal laboratory standards were used throughout the period of the drilling programme. Synthetic and Certified Reference Materials (CRM) were used in both the gold and base metal analytical procedures.

Blanks
At start-up, Joint Venture blank samples comprised screened local andesite aggregate.

A new commercial blank made from colour pigmented quartz sand was introduced for

holes SMDD063-85. The initial "andesite" blank averaged ~0.02ppm Au. Results for the commercial blank were consistently at or below the fire assay detection limit of 5ppb Au, confirming the excellent cleaning procedures used at the lab during the sample pulverisation process.

McPhar Precision and Accuracy
Excellent precision with minimal variance in accuracy is indicated for all standards used. Company policy is to repeat batches or partial batches where two (different) standards fall significantly outside a two standard deviation range – it has not been necessary to invoke the policy throughout the term of the resource drilling programme.

Multielement performance of the Joint Venture internal standards demonstrate consistent precision within 2SD tolerance limits. Performance of the McPhar internal multielement standards indicated consistently high levels of accuracy and precision.

Resubmitted Replicates
A suite of selected pulps (82) were repackaged, re-numbered and re-submitted for blind repeat analysis of gold and multielements. Scatter plots indicate good batch to batch precision for all elements, with only minor scatter at lower grade levels.

Umpire Check Assays
The accuracy of the McPhar analyses was checked at Amdel Laboratory in Perth. Selected pulp samples (n=240) from resource diamond drilling with gold grades greater than 0.1 g/t were spatially representative of the Resource, and also the time over which the drilling was conducted. There is a high degree of correlation between the laboratories, with an insignificant positive bias in the McPhar results.

Screen Fire Assay Tests
The occurrence and distribution of coarse gold was tested by re-submission of bulk fines samples for screen fire assay, representing a range of gold grade from 0.3g/t to 102g/t in both carbonate and basalt mineralisation from throughout the Resource. Samples from the area affected by previous mining were avoided. The tests were conducted at both McPhar and Amdel Laboratories. The results indicate that in general less than 20% of the gold is coarser than 75 micron, that there is a similar distribution of grade between the coarse and fine fractions, and that a high degree of confidence can be placed on the reliability of the routine 50g fire assays.

All the evidence from the testing indicates low sample variance in the deposit.

Duplicate Core Sampling
Field sampling precision was tested in a batch of 98 duplicate core splits selected from lithotypes unaffected by previous mining in holes SMDD061 to 085. The selection was made to represent a grade range above 0.3g/t Au, a range of rock types, and carbonate and basalt hosted mineralization types from throughout the Resource to a depth of -200mRL. Both PQ3 and HQ3 core sizes were represented. The duplicate split was taken from the opposite side of the core as the original split to emulate the original sample weight as closely as possible. The resulting central fillet was retained for reference. Gold results indicated an acceptable level of precision between splits. The distribution of paired differences is similar for the PQ3 and HQ3 splits indicating no significant difference in the reliability of PQ3 splits compared with HQ3 splits.

PFS Resource Estimation

Resource Limits
The current Resource block model covers the known extent of the main Siana mineralisation and is totally contained within the mine co-ordinate ranges 55470mN to 54730mN, 63170mE to 63730mE and +40 m to -360 mRL.

Resource Envelope
The geological model was constructed from a series of interpreted geology flitch plans and accompanying balanced east-west cross-sections at 20 metre intervals. The flitch interpretation was based on 10 metre intervals from +40 mRL to -240 mRL and 20 metre intervals from - 240 mRL to -360 mRL.

Flitch outlines were digitised and wireframed using Surpac (V5) software to produce a solid resource model comprised of seven domains.

Apart from Domain 700, the domain average bulk density was assigned for dry tonnage calculations. In Domain 700, the bulk density was factored downwards by 17%, to allow for voids within the Caved Zone.

Resource Model Dimensions
A parent block size of 20m north-south, 10m east-west, and 6m in height was used for the modelling exercise. Blocks that were required to be split along lithological boundaries were sub-celled to half their largest dimension. These block sizes and the model origin were chosen by consideration of the drill cross section spacing (20m), proposed mining bench height of 3m and minimisation of cross dip spread while ensuring maximum data integration.

Data Analysis

Data Compositing
All sample data within each geological domain were composited to two metre intervals for the geostatistical analysis and resource modelling estimation. The domains were solid modeled as individual zones. All gold values below detection were set to a value of 0.005 g/t (half the lowest analytical detection limit) before compositing was undertaken.

Down hole composites were set to a maximum length of two metres. Compositing commenced where the hole entered a lithological domain. No assay cuts were applied to the drilling data prior to compositing.

Statistical Analysis
Data analysis for each domain was completed and a comparison made between the Suricon and Joint Venture analytical data.

Grade Estimation and Modeling

Continuity Analysis
Variography has been undertaken as part of the grade continuity analysis. Detailed geological knowledge of the mineralization operations grade control (open pit and underground) and mapping data have also been used to augment this analysis.

- Joint Venture and Suricon diamond drilling gold assay data used for variography.
- Continuity analysis (experimentally determined continuity parameters) was carried out on the gold assays for each domain using the uncut composite assays.
- Downhole 'pair wise' variography was selected to define the range of influence of samples for the resource estimate

Statistics from this analysis reflect strong local continuity of the gold mineralisation.

Modelling Parameters
- Block size 20m by 10m by 6m which honoured the composite sample length of 2m.
- Minimum of 3 samples and maximum of 20 to inform block.
- A global top cut of 50 g/t Au applied to all domains.
- All domains had a maximum search radius of 80 m with anisotropy of 1 to 4 applied.
- Ordinary Kriging was used and parameters honoured the variography trends, orientations and search parameters.
- Each domain was modelled separately
- The same modelling parameters were used for gold, silver, copper, lead, zinc, iron, arsenic and antinomy.

Model Validation
On completion of the Resource estimation, a cross-section by cross-section and flitch by flitch review was conducted. In addition, validation plots of the average block grade, average source grade (drillhole data) and numbers of source data points were constructed for each domain.

An analysis of the number of samples used to inform each Resource block has also been undertaken with the exception of Domains 500 and 600 as these are generally not mineralized and contain an insignificant portion of the total Resource. The analysis was performed for the Resource block model using an upper grade cut and both the Suricon and Joint Venture drilling data.

Resource Classification

The resource classification has been determined by applying a multiple criteria test to the following block estimate attributes:

- number of samples informing the block;
- the gold grade kriging variance; and
- a maximum informing sample search distance restriction of 80m.

All Resources have been classified according to the guidelines in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) as either Indicated or Inferred.

Blocks meeting all three test criteria were classified in the Indicated category. All of Domain 700 has been classified as an Indicated Resource.

Siana Gold Deposit
Mineral Resource Classification

	Indicated Resource			Inferred Resource			Total Resource		
Au g/t Cutoff	Tonnes*	g/t Au	Ounces*	Tonnes*	g/t Au	Ounces*	Tonnes*	g/t Au	Ounces*
0.50	23,986,000	1.51	1,164,000	6,888,000	1.72	380,000	30,873,000	1.56	1,544,000
0.75	15,510,000	2.00	996,000	4,186,000	2.43	327,000	19,695,000	2.09	1,323,000
1.00	11,462,000	2.40	883,000	3,017,000	3.04	295,000	14,479,000	2.53	1,178,000
1.25	8,545,000	2.84	779,000	2,388,000	3.55	272,000	10,933,000	2.99	1,051,000
1.50	6,548,000	3.28	691,000	1,721,000	4.39	243,000	8,269,000	3.51	934,000
1.75	5,470,000	3.61	635,000	1,351,000	5.15	224,000	6,821,000	3.92	859,000
2.00	4,678,000	3.91	587,000	1,045,000	6.11	205,000	5,723,000	4.31	793,000
2.25	3,804,000	4.32	528,000	836,000	7.11	191,000	4,640,000	4.82	719,000
2.50	3,249,000	4.66	486,000	720,000	7.88	182,000	3,969,000	5.24	669,000
2.75	2,867,000	4.93	454,000	635,000	8.59	175,000	3,502,000	5.59	629,000
3.00	2,542,000	5.19	424,000	587,000	9.05	171,000	3,129,000	5.92	595,000

**Tonnes and ounces gold in the table above are rounded to the nearest 1,000.*

TAILINGS RESOURCE ESTIMATION

Drilling

The tailings were drilled using an Edson 3000 crawler mounted Air Core drill provided by United Philippines Drilling. Normal air core drilling methods were used with NQ size hole diameters.

Sampling techniques.

Samples were collected over one metre intervals from a cyclone discharge into 50 litre plastic buckets. Samples from the top one or two metres were generally drier sandy material, but below this consisted of a thick wet slurry. Each sample was transferred to a large plastic bag. Sampling buckets were scrubbed and washed clean between samples.

Drying and sub-sampling techniques

Each sample was dried by a combination of air drying and heating in large woks and then weighed. The lumpy dry sample was pulverised by hand on a lipped steel tray and passed once through a Jones riffle splitter with one split then weighed and submitted to the lab.

Sample Preparation/Analyses and Security

Samples were prepared on site by Joint Venture staff under the direction of the site geologist. Commercial standard samples and certified blanks were inserted every 50 samples for quality control.

As for drill core samples, tailings samples were secured and transported by ferry with escort to McPhar Laboratory in Manila. Preparation and analytical technique were as described for core samples. Assays were completed for Au (fire assay), Ag, Cu, Pb, Zn, As, Sb, and Fe.

Quality of laboratory assay data

The results of 10% replicate gold analyses at the laboratory indicate a high level of precision was achieved.

Bulk density and moisture content

The Joint Venture completed a programme of 27 hand auger holes, ranging from 3 to 6 metres depth, over the three tailings ponds with the specific objective of providing material for bulk density and in situ moisture determinations. Two augers were used, one a conventional soil auger for the first metre (usually drier and more compacted), the other a specially fabricated device with a large one way valve allowing soft sample ingress to hollow rods above the cutting “shoe”.

To minimise moisture loss, the bulk samples were immediately processed using both the volume/weight and “Archimedes Principle” water displacement methods.

Due to unavoidable entrapment of air in both methods the measured SG's are considered a minimum for the estimation of dry tonnages in Resource reporting.

Estimation method

Volumes were constrained within the surveyed dam limits and grades assigned to sub-horizontal flitches using an inverse distance squared algorithm.

Resource Classification

Under the 2004 JORC Code guidelines for Reporting of Exploration Results, Mineral Resources and Ore Reserves the classification of the tailings resource is considered to be in the Indicated category.

Tailings Resource Statement
The resources are only estimated for the portions of the dams covered by the drilling programme, and search radius applied to assays.

Siana Gold Project
Tailings Indicated Resource

Location	% Area	Tonnes*	Au (g/t)	Oz*	Ag (g/t)	Oz*
Dam 1	85	283,000	0.96	8,700	11.7	106,500
Dam 2	80	436,000	0.94	13,200	6.9	96,600
Dam 3	85	2,332,000	0.66	49,500	4.9	367,400
Total		**3,051,000**	**0.73**	**71,400**	**5.8**	**570,500**

** Tonnes are rounded to nearest 1,000 and ounces to nearest 100*

Stockpile Resource Estimation
Detailed sampling of four low grade stockpiles had been completed at the time of the PFS report. Bulk channel samples (200kg each) were taken at regular intervals over each stockpile at a sampling frequency of approximately one per each 2,500 tonnes estimated for the stockpile.

Samples were dried, homogenised and reduced to approximately 25kg by cone and quartering prior to submission to McPhar Laboratory in Manila. Samples were pulverised, split and assayed for Au (fire assay) and Cu, Pb, Zn, Ag, As, Sb, Fe, S, Mn and other minor elements by ICP.

Two of the stockpiles reported below contain sufficient gold grade to be considered as a Resource, and are classified in the Indicated category.

Siana Gold Project
Stockpile Indicated Resource

Location	Tonnes*	Au (g/t)	Oz*	Ag (g/t)	Oz*
LG1 Stockpile	59,000	1.16	2,200	14.0	26,600
Mapawa Stockpile	24,000	1.76	1,400	2.5	1,900
Total	**83,000**	**1.33**	**3,600**	**10.7**	**28,500**

** Tonnes are rounded to nearest 1,000 and ounces to nearest 100*

METALLURGICAL STUDIES AND PROCESS DESIGN

Laboratory Metallurgical Test Work

Metallurgical test work was conducted by Independent Metallurgical Laboratories Pty Ltd based in Welshpool, Western Australia. Complementary test work was conducted by Outokumpu Technology Pty Ltd and Roger Townend & Associates. Additional petrological test work was completed by Pontifex and Associates.

The PFS test work programme was conducted under the management of process engineering group Ausenco Limited (Ausenco) with the results and conclusions independently audited by Intermet Engineering Pty Ltd (Intermet).

Test work was conducted on carbonate and basalt composite samples and individual domain composite samples representative of the Siana mineralisation, drawn from a total of 9 tonnes of drill core received in Perth. The six domain samples comprised 34 one metre intervals from 4 holes (Domain 100), 90 one metre intervals from 6 drill holes (Domain 200), 44 one metre intervals from 5 drill holes (Domain 300), 81 one metre intervals from 9 holes (Domain 400), 40 one metre intervals from one hole (Domain 500) and 42 one metre intervals from 2 holes (Domain 700).

Test work conducted included:

- Cyanide leach tests (60) at various P_{80} grind sizes, oxygenation levels and on various intermediate process streams.
- Flotation tests (13) with varying reagent regimes.
- Gravity tests (13) with centrifugal separators at varying P_{80} grind sizes followed by intensive cyanidation.
- Bond ball mill, rod mill and abrasion index determinations (6).
- Thickener settling tests (2) and viscosity determinations (6).
- Cyanide de-toxification tests (4)
- Pre-flotation/roast/leach tests (4)

Test work was also conducted on representative composite samples of the three existing tailings dams and a grab sample from the Mapawa stockpile. Test work conducted included:

- Gold size distribution analyses (4).
- Gravity and hand panning separation (8).
- Flotation separation (4).
- Cyanide leach tests (4).

Testwork Conclusions as Reported in the Pre Feasibility Study

Carbonate mineralisation (Domains 200 & 700) at the time of the PFS metallurgical compositing represented 80% of the Resource within the initial pit design, and accordingly test work results pertaining to this composite sample dominate the following statements:

- Metallurgical test work completed to date indicates a flow sheet comprising gravity followed by carbon-in-leach generates the highest gold recoveries.
- The Ausenco design criteria reports gold recovery for Domains 200 and 700 in the range 82 - 87% and silver recovery in the range 54 - 68%.
- Bond Work Index and Abrasion Index are low at 10.1kWh/t and 0.06 respectively in the carbonate mineralisation.

Gravity/Carbon-in-Leach Flowsheet

Test work results adequately demonstrated the desirability of a gravity circuit ahead of leaching. Direct leach testing resulted in lower recoveries. Work is currently underway during the BFS to ascertain the viability of recovering additional gold and silver from the CIL tail.

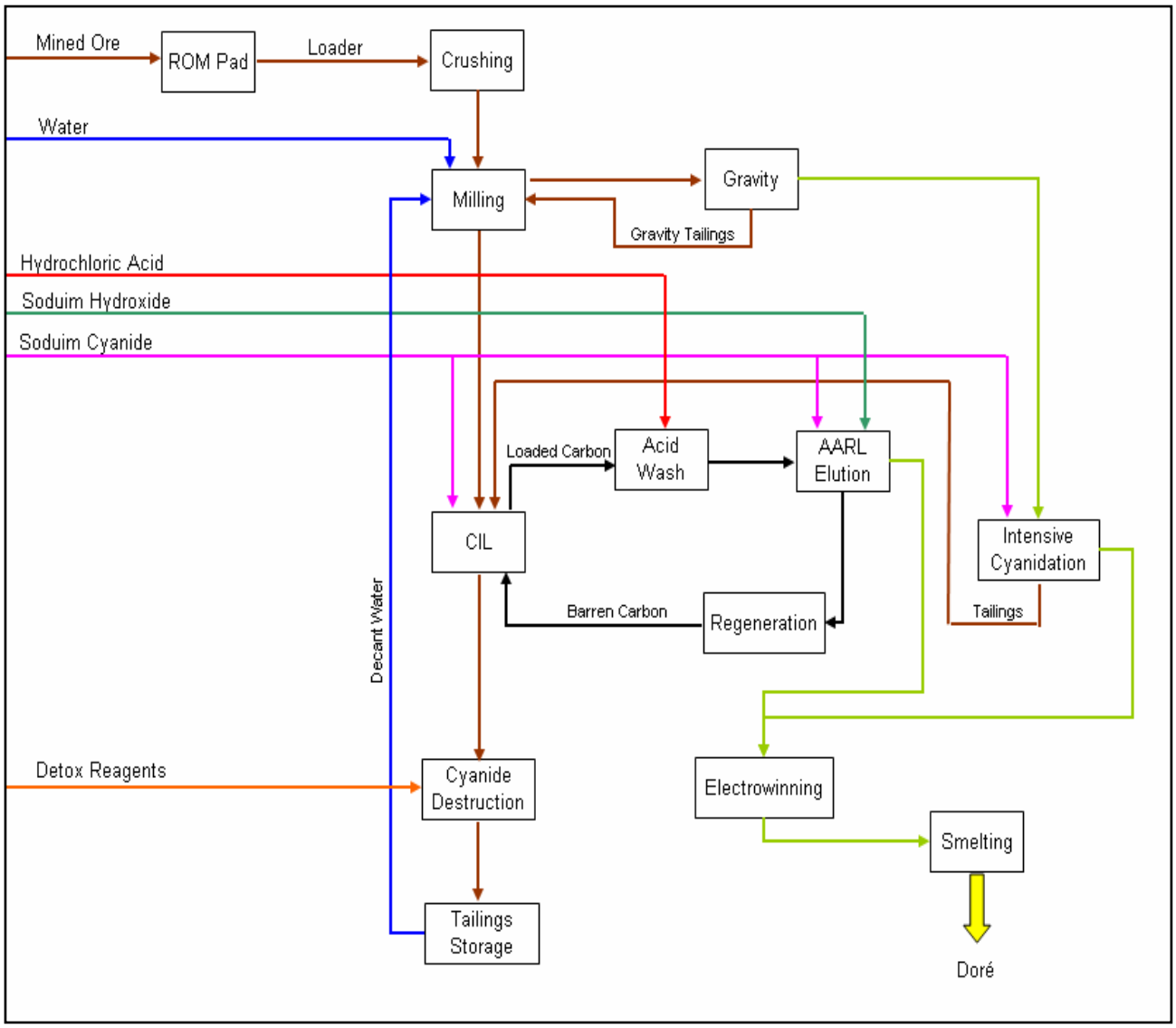
The following flowsheet design criteria were formulated by Ausenco at the end of the PFS and are subject to additional BFS testwork (mostly complete):

Process Section		unit	Basalt	Carbonate
Comminution				
Bond Rod Work Index	RWI	kWh/t	14.2	**13.7**
Bond Ball Work Index	BWI	kWh/t	12.1	**10.1**
Abrasion Index	Ai	-µm	0.03	**0.06**
Selected grind size	P_{80}		75	**75**
Gravity				
Gold recovery		%	23 - 42	**22 - 47**
Intense leach recovery		%	97	**89**
Carbon-in leach				
Cyanide addition		kg/t	0.91	**1.20**
Lime addition (90% available CaO)		kg/t	0.67	**0.67**
Residence time (with air)		hr	24	**24**
Residual cyanide level - CN_{WAD}		mg/L	150	**150**
Gold recovery		%	82 - 84	**77 - 78**
Overall gold recovery		%	86 - 90	**82 - 87**
Cyanide destruction				
Operating pH		pH	9.0	**8.8**
Copper sulphate addition		kg/t	0.16	**0.16**
SMBS addition		kg/t	1.3	**1.1**
Lime addition (90% available CaO)		kg/t	0.43	**0.36**
Residence time		minutes	45	**45**
Target residual WAD	CN_{WAD}	mg/L	50	**50**
Cyanide destroyed	CN_{WAD}	kg/t ore	0.150	**0.150**
Copper level	Cu	mg/L	25	**25**

Circuit Overview

A conventional gold recovery plant, based on the Ausenco design, as modified by Intermet is proposed (subject to further investigations during the BFS) with the following flow sheet:

- Primary crushing utilising a twin rolls sizer
- Emergency stockpile facility
- Single stage SAG milling
- Gravity concentration utilising a centrifugal concentrator followed by intensive cyanide leaching
- Carbon In Leach (CIL) cyanidation circuit with air sparging
- Precious metal recovery circuit
- Cyanide destruction



Siana Process Flowsheet

MINING OPERATIONS STUDY

The Resources at Siana have been subject to detailed technical analysis by a multidisciplinary team of Consultants during the PFS to ascertain the economic viability of exploiting these Resources.

Pit Optimisation

A mining evaluation study has been recently completed by RSG Global Pty Ltd (RSG Global), with optimisation parameters supplied by Red5 using information provided by geotechnical, mining and metallurgical consultants. The Whittle 4D pit optimization, the focus of this report, was prepared using a US$550/oz gold and US$9.00/oz silver price and a processing throughput of 0.75 million tpa. Mineralisation within the optimized pit shell included approximately 15% within the Inferred category. Pit wall slope angles were based on recommended parameters from the PFS geotechnical study. Metallurgical recoveries were taken from previous testwork.

Mine Design

The RSG Global open-pit mine design utilised mining parameters provided by the Joint Venture and batter angles as recommended in the geotechnical study and modified by RSG Global.

The use of 6WD articulated haul trucks allowed a pit ramp slope of 1:8 to be incorporated in the design. The new pit design extends to approximately 220 metres below surface and contains 5.35 million tonnes of run of mine (ROM) mineralisation and low grade mineralisation (combined) at a waste to mineralisation strip ratio of 2.8:1. The pit ramp has been designed to exit in the north-western corner to minimise haul distances to the ROM stockpile and waste dumps.

Approximately 115,000 bcm of soil material from the upper eastern wall cut back will be stockpiled for environmental rehabilitation of the waste dumps and other disturbed areas.

Two waste dumps have been designed by RSG Global, together with three smaller topsoil stockpiles to the north and south of the pit. The northern dump, located on the site of an existing dump, is the main waste storage area. It is planned to utilize the smaller western dump for temporary storage of waste material needed to construct the tailings dam uplift embankments (design in process by Golder Associates, Melbourne). The dumps are designed with 20 metre lifts, 10 metre wide berms and 30^0 batter angles with a 1:10 (10%) haul ramp. The waste dumps and site layout have been specifically planned to minimize the environmental impact and do not substantially increase the existing waste dump footprint.

The mine plan includes progressive rehabilitation of the site during operations to reduce the requirement for major works at mine closure. Particular attention is being paid to site drainage and strict control of surface run-off.

Mine Scheduling

A month by month bench by bench waste and mineralisation movement schedule to supply the mill at the rate of 750,000 tonnes ore per annum has been completed by RSG Global. The schedule includes a provision for stockpiling sub-grade material for processing at the end of the mine life if economically viable.

Pit De-Watering

The existing flooded pit is estimated to contain 8.2GL of water. Data recorded during the previous mining operations provided a useful basis for estimating the water flows into the pit area. The pit operations are susceptible to flooding due to heavy rainfall, as well as groundwater inflows. Suricon reports recorded annual abstraction rates from the pit varying between 3.2 GL and 6.7GL.

In a recently updated mine groundwater model the annual inflow is estimated at 6.8GL/yr, including rainfall. The rainfall is estimated at an average rate of 3600mm/yr over an area of 28.4ha equivalent to 1GL/yr.

The pit will be dewatered in two stages using in-pit pumps and external bores. Stage one is to dewater the pit over a 4 month period (approximately) using pontoon mounted electric drive pumps, with power from the main grid. The total volume to be pumped including inflows is estimated to be 9.64 GL over 120 days, allowing for 50% of the groundwater inflow to be taken up by external water bores.

Stage two comprises ongoing pumping from bores and in-pit pumps. Historically the southern limestone was a major source of groundwater inflow into the pit. Bores abstracting 3.2GL/yr will be located at the southern end of the pit to dewater this aquifer, and the remaining inflows of approx 3.6GL/yr will be pumped from the pit.

Mine Costing Analysis

The mining cost has been generated from an owner operator first principles estimate and incorporates a detailed load and haul cycle analysis that provides a minimum of 750,000 tonnes per annum to the processing plant using the mining schedule provided by RSG Global.

The mine costing analysis assumes the mine will be operated by contractors using conventional diesel powered mining and ancillary support equipment. The diesel price has been estimated from the Singapore Pricing model and the discounted Philippine Wholesale Posted Price (WPP) based on the quantities involved during the life of the mine (12.9 million litres).

The earthmoving equipment performance and operating costs have been developed using specifications from a major international supplier as a reference base. Prices for selected equipment have been provided by the Philippine supplier.

The operating conditions at site are subjected to heavy rain and flooding. The selection of the 6WD articulated trucks will match the operating environment and allows the pit ramp gradient to be steepened. Hydraulic excavators will be used for truck loading and the types and sizes have been specifically matched to the haulage trucks.

Other equipment in the mining fleet will be supplied to handle mining related activities including wall scaling, dump and road maintenance, secondary breaking and timber removal.

Charts and spreadsheets for performance curves, loading tool productivity and time utilisation have been provided by the international supplier and utilised with adjustments for local operating conditions. Pricing for a Maintenance & Repair Contract for a range of mine equipment was provided by the Philippine supplier.

Blasting would be undertaken by a separate contractor. In addition to the blast pattern drilling (and subject to further BFS geotechnical refinement), a provisional allowance has been made to perimeter drill some 40% to 50% of the final wall for ground stability purposes. Pricing for a blasting contract has been supplied by Orica Philippines including the supply of all personnel, equipment and consumables. The blasting patterns and powder factors have been adjusted to allow for variation of rock type hardness and operating conditions. Based on the previous mining history the presently designed provision for blasting might be reduced once more geotechnical information is available for analysis.

The mining cost analysis is a detailed model for owner (capital, insurance) and operating costs for equipment (wear parts, maintenance, tyres/tracks, fuel and lubricants) and labour. An industry competitive mark-up rate is incorporated into the costs as an add-on to provide for conversion to a contractor operation.

INFRASTRUCTURE

The infrastructure requirements of the site have been costed and include:

- A 130 man permanent camp.
- The construction of 4.1km of roads and access bridge.
- Power distribution from the National 138KV line 1.2km from the site.
- Site drainage and run-off mitigation.
- Potable water and site waste disposal facilities.
- Construction of administration and permanent medical facilities on site.

ENVIRONMENTAL

The Joint Venture has already implemented a number of social development projects ahead of mine development works. The water treatment facilities and pipelines it has installed provide potable water to the three neighbouring communities. Its community health clinic gives free medical and dental services to the households. Through its regular feeding program, it is nurturing back the malnourished children to health. Education is also supported through the supply of equipment and improvements to the local schools.

The Environmental Impact Statement (EIS) is being prepared by BMP Environment & Community Care, Inc., Philippines. The baseline studies and report have been completed. The major project impacts have been identified and an initial Environmental Management Plan formulated.

BMP is a highly professional and well-respected Philippine company that has undertaken a number of environmental studies for major mineral projects and developments in other industries.

LEGAL

The Joint Venture has identified a compliant corporate plan for mine development and has identified all permitting requirements. The most important of these, the Environmental Compliance Certificate (ECC), requires submission of the EIS report for assessment and approval by the Environmental Management Board (EMB), a part of the Department of Environment and Natural Resources (DENR), before issuance.

The Joint Venture plans to complete this process during the currency of the BFS.

PROJECT PLAN

The PFS Capital Cost estimate has provisions for commissioning of the plant and other infrastructure during the start-up of the mine operating phase and the recruitment of a high quality expatriate and Filipino management team and labour force.

BANKABLE FEASIBILITY STUDY

Key consultants currently engaged, or who will be engaged, on elements of the BFS include:

RSG Global	**Optimisation, mine &waste dump design, scheduling**
Intermet Engineering	**Metallurgy, process design, engineering, infrastructure**
Snowden Associates/RSG Global	**Resource estimation and audit**
Golder Associates	**Tailings storage facility**
Mining One Pty Ltd	**Geotechnical**
Meyer Water & Environmental Solutions	**Hydrology and Hydrogeology**
BMP Environment & Community Care Inc	**Environmental and Community**
JMG Projects	**Project management**

RED 5 Limited

ABN 73 068 647 610

Competent Person Declarations

The information in this report that relates to potentially exploitable mineralisation accurately reflects information prepared by Competent Persons. It is compiled by Mr G C Edwards, who is a full time employee of Red 5 Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr. Edwards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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'.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr A L Govey, who is a full time employee of Red 5 Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr. Govey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Edwards consents to the inclusion In the report of the matters based on his information in the form and context in which it appears.

Mr Govey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Each of the main consulting groups RSG Global, Snowden Associates, Intermet Engineering, JMG Projects and BMP Environment & Community Care have reviewed the relevant content, and consented to being named in this announcement.

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)

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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 268,903,428 shares.

Substantial Shareholders

AngloGold Ashanti Australia Limited	14.1%
Mathews Capital Partners	10.8%

Shareholder Enquiries
Matters related to shares held, change of address and tax file numbers should be directed to:
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770 Canning Highway
Applecross WA 6153
Telephone……+61 8 9315 2333
Facsimile……..+61 8 9315 2233