



**ASX REPORT TO
SHAREHOLDERS**

28 December 2011

Red5 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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this report and company
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First production status

The inaugural gold pour has been postponed as the Company continues to focus on commissioning improvements to materials handling of the difficult sticky ore at transfer points in the crushing and pre-grinding sections of the process plant.

The crusher, apron feeder, conveyors, SAG mill, cyclone and gravity concentrator equipment choice and respective commissioning phases have met or exceeded expectations; however, the discontinuous flow of material through two transfer points requires further minor engineering. The engineering modifications, which are primarily geometry changes to the flow presentation, are expected to be of negligible cost.

Modifications from the apron feeder to the crusher are largely complete and simply comprise RSJ steel nose bars to limit the height of feed presenting to the crusher. Throughput has been maintained by increasing the apron feeder speed. The focus is now concentrated on the surge bin to mill conveyor transfer point where the sticky nature of the ore results in material hanging and then discharging in a less than optimal manner.

It is essential to resolve this issue for several reasons:

- Whilst the old low-grade stockpile material being used in commissioning is particularly difficult to handle there is no guarantee that ore from the pit will not exhibit similar characteristics when wet.
- The discontinuous feed results in the Outotec SAG mill automatically shutting down if the feed is interrupted for more than ten minutes (the start-up procedure due to modern PLC and permissive protocols is 45 minutes).
- The current discharge may result in damage to the conveyor and possible overload on the conveyor motor.
- The resultant level of spillage is a safety hazard and will increase maintenance frequency.
- It is vital to determine sustainable plant throughput rates.

The balance of the process plant has been commissioned. Five of the six carbon-in-leach tanks are full and at operating pulp densities. The gravity circuit has been charged representing the balance of gold in circuit. The only scheduled modifications to the back end of the plant are lowering the inter-tank carbon transfer pumps to optimise throughput rates.

The Company treasury cash funds at 31 December 2011 are forecast at \$22.5 million. The Company has no debt and no hedge commitments.

Greg Edwards
Managing Director