RED 5 Limited

ABN 73 068 647 610

ASX Shareholders Report

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

Greg Edwards
Managing Director
or
Lance Govey
Exploration Director

Level 1
43 Ventnor Avenue
West Perth 6005
Western Australia
Tel: (+61) 8 9322 4455
Fax: (+61) 8 9481 5950

Web: www.red5limited.com

Investor Inquiries:
info@red5limited.com

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

SIANA MPSA
- COPPER GOLD INTERSECTIONS CONFIRM PRESENCE OF PORPHYRY SYSTEM

The Red 5 sole funded diamond hole into one of two porphyry systems defined in the southern part of the Permit area has been terminated in mineralisation, at the practical limit of the rig capacity.

Seven intersections between 41 metres and 361 metres exceed a nominal 0.2 percent copper cut-off. They aggregate 162 metres at a weighted average grade of 0.32% Cu, 0.26 g/t Au and 1.5 g/t Ag.

Observations from the entire geological package are confirmatory of a fertile copper porphyry system. The copper-gold mineralisation is in strongly fractured multiphase diorite intrusive rock and minor basalts. Propylitic alteration of variable intensity is present over most of the hole length.

The grades encountered in this first hole are considered highly encouraging given the discovery chronology of the nearby Boyongan copper-gold porphyry system.

Management interpretation of the lithological data is that the encountered mineralisation is peripheral to a higher grade core zone.

A number of international mining majors have made unsolicited expressions of interest to participate in future exploration. Each has signed a combined Confidentiality and Share Trading Restriction Agreement.

The Board has committed to a second hole using a more powerful rig, and may allocate funds for at least two additional deep diamond holes.

Greg Edwards
Managing Director

10 May 2004

MANAGEMENT DISCUSSION AND ANALYSIS

Background

In late 2003 two outstanding, drill ready copper-gold targets were defined from soil sampling in the Madja area, located approximately 7km south of Siana in the southern Philippines. Follow-up rock chip assays to 6.1 g/t gold and 2.1% copper in stream float, and 0.74 g/t gold with 1,740ppm copper in outcrop, demonstrated the porphyry copper-gold potential of these substantial areas associated with the Boyongan Corridor.

The first diamond hole to test these targets, ALDD1, commenced late January and was terminated recently at the limit of rig capacity.

Summary characteristics of porphyry style deposits follow, together with comment on exploration challenges and examples of the chronology of two discoveries, allowing the Madja results to be put in context.

Deposit Model

Porphyry copper deposits provide annually over **50% of the world's copper** and many deposits are in production.

The porphyry copper-gold deposit type is one of the most intensely researched deposit types in the world and as such is somewhat predictable as to the size, grade, alteration and mineralisation assemblages that might be encountered during the exploration process.

Because this deposit type is typically large (+100 million tonnes to several billion tonnes) they have long mine lives when economic and are therefore generally sought after as priority targets by the major copper producers.

Porphyry copper–gold deposits worldwide contain average grades of 0.5% Cu, 0.38 g/t Au and 1.7g/t Ag (Cox 1986) with the precious metal components impacting significantly on economic viability.

Typical porphyry systems are cylindrical composite masses up to 1.5-2km in diameter. Mineralisation may be hosted in either the intrusive porphyry rocks, the surrounding country rocks, or in both. Surrounding country rocks may vary greatly from deposit to deposit and their mineral composition and mechanical properties can affect the ultimate size and style of system. Porphyry systems often have associated marginal skarn deposits (Cu-Au), epithermal deposits (Au-Ag), carbonate replacement deposits (Au,Ag, base metals) or polymetallic base metal vein deposits.

Porphyry deposits often occur in clusters within a district, adding to the potential for the occurrence of numerous marginal precious and base metal deposits as described above.

Porphyry systems in most of the circum-Pacific volcanic island arcs, including the Philippines, are associated with diorite intrusive rocks. One of the best examples is the giant Grasberg copper-gold deposit in Irian Jaya. The Anglo American discovered Boyongan and Bayugo deposits (+250 million tonnes) located six kilometres north-west of Siana are also hosted in diorite.

The diorite hosted copper-gold deposits typically display two characteristic alteration zones, a “potassic” inner core which hosts much of the economic metal grades and usually develops at depths greater

than 500m below the original land surface, and a broad outer halo or "propylitic" zone that may host economic grade, but is generally of lower overall tenor (Figure 1).

Porphyry copper deposits also display characteristic zoning of the economic minerals, often from an iron sulphide dominated periphery to increasingly copper rich sulphides (chalcopyrite /bornite) in the core.

Exploration Model

The propylitic alteration and fracturing that develops above, or adjacent to the potassic zone provides a valuable clue to the possible existence of economic mineralisation. Where erosion has occurred the propylitic zone may be much reduced in vertical thickness, or removed completely to expose the inner potassic core.

Exploration complexity is increased if younger sediments or volcanics are deposited, concealing the propylitic zone or partly exposed potassic core. These barren cover sequences often prevent the successful use of conventional exploration techniques such as geochemistry and geophysics. In these circumstances drilling is the best recourse, with the early holes used to recognise the alteration and mineral zoning, thereby providing vectors toward the higher grade inner core.

Examples

Two case histories provide examples of the exploration commitment required for successful porphyry copper exploration. In the first 23 diamond holes drilled at Ivanhoe's Oyu Tolgoi deposit in Mongolia eight holes were barren and eleven contained mineralised intersections of less than 50 metres with copper grades in the range 0.28%-1.6%, and gold generally less than 0.3 g/t.

Similarly, at Boyongan results from the first five deep holes, drilled through barren cover, were less than spectacular – three were barren, one intersected 15m at 0.18% Cu, and the best was 204m at 0.38% Cu and 0.05 g/t Au.

In both cases, persistent effort from humble beginnings has resulted in the delineation of giant deposits.

Madja Results

Analytical results for ALDD01 are summarised in the table below. The entire hole averaged 379.9 metres at 0.2% Cu, 0.14 g/t Au and 0.92 g/t Ag, with no copper cut-off applied. Seven intersections at a nominal 0.2% copper cut-off between 41 metres and 361 metres aggregate to 162 metres at a weighted average grade of 0.32% Cu, 0.26 g/t Au and 1.5 g/t Ag.

Madja ALDD1 Drill Results

From (m)	Int (m)	Cu %	Au g/t	Ag g/t
0	**379.9**	**0.20**	**0.14**	**0.92**
Including				
41	63	0.36	0.30	2.24
147	37	0.37	0.39	1.13
205	12	0.41	0.25	1.73
255	22	0.22	0.14	1.03
281	12	0.21	0.09	0.67
316	12	0.23	0.12	0.47
357	4	0.26	0.08	0.64

Notes:
- No cut-off applied to 0-379.9m interval
- Sub-intervals are at +0.2% Cu cut-off
- Hole azimuth 135 deg magnetic, inclination 60 deg

Madja results in context

Madja is located within a partly exposed diorite complex with diameter of approximately one kilometre (Figure 2). The diorite intrudes a larger mass of feldspar porphyry known to extend over a minimum area of 2.5 km by 1.2 km that contains the two strong geochemical targets.

The area is partly overlain by younger volcanic ash and andesitic volcanics, partially obscuring and thereby disrupting the geochemical response.

ALDD1 intersected copper-gold mineralisation in strongly fractured multiphase diorite intrusive rocks and minor basalts with “classic” propylitic alteration of variable intensity over most of its length.

Sulphide minerals are dominated by chalcopyrite, bornite, and lesser pyrite. Bornite, a mineral containing higher percentages of copper than chalcopyrite, is more apparent in the mid to lower portions of the hole.

The combination of copper and gold grade, and presence of significant silver, indicate a fertile copper-gold mineralised system with characteristics typical of the major diorite hosted copper-gold porphyry deposits.

More drilling is required to further establish vectors relating to alteration, grade, metal ratios and mineral speciation. A larger capacity rig is currently on site and has commenced drilling ALDD2.

Reference: Cox, D.P. (1986) Descriptive Model of Porphyry Cu, also Porphyry Cu-Au and Porphyry Cu-Mo; in Mineral Deposit Models; USGS Bulletin 1693, pp 76-81, 110-114 and 115-119.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Allen L Govey and Gregory C Edwards, who are full-time employees of Red 5 Limited and 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 that they are undertaking to qualify as Competent Person(s) as defined in the 1999 Edition of the "Australasian Code for Reporting of 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.

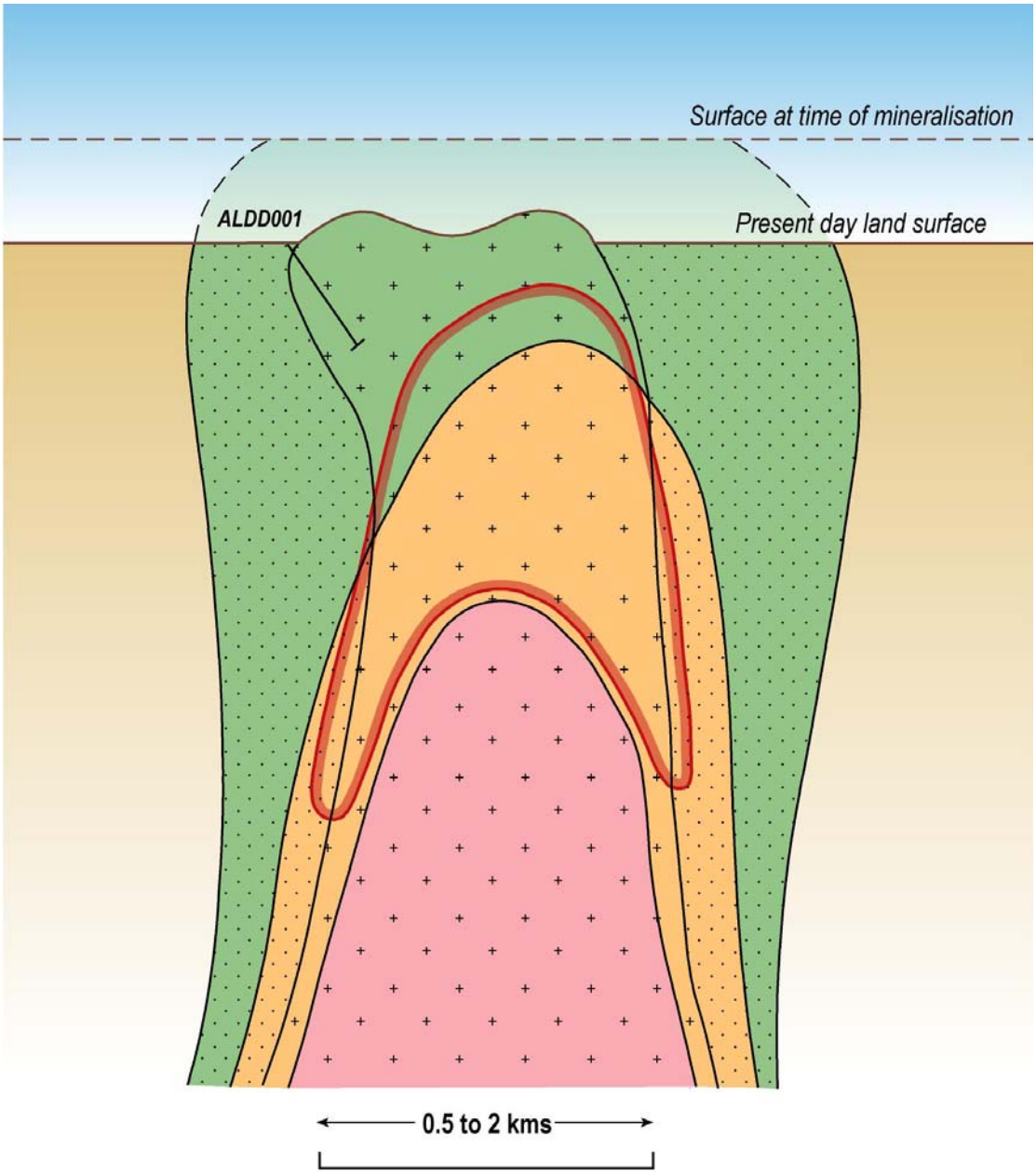

Figure 1. SCHEMATIC SECTION OF A SIMPLIFIED COPPER PORPHYRY SYSTEM

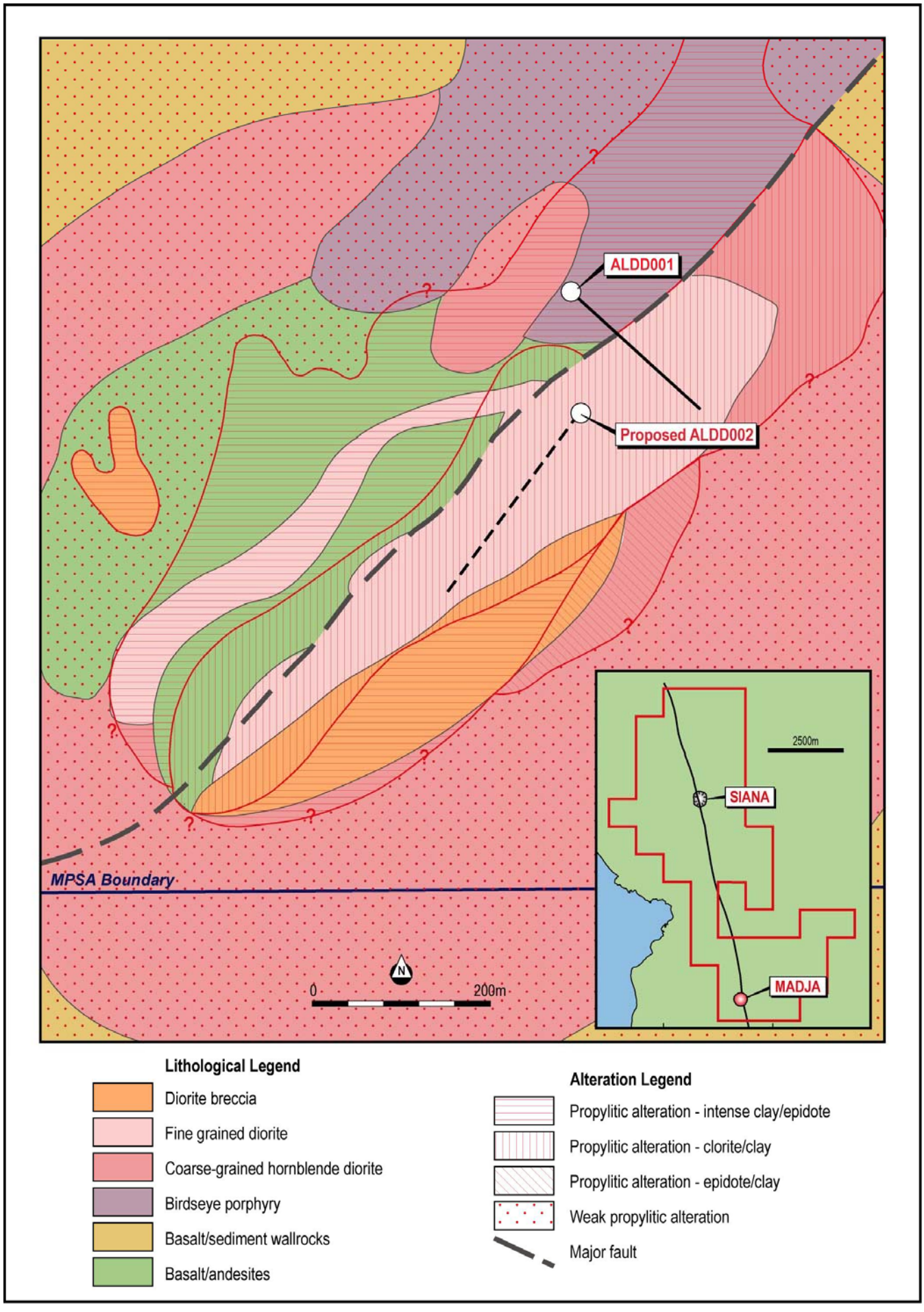

Figure 2. MADJA GEOLOGY AND ALTERATION