

**Red 5 Limited**

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26 November 2009

Mr James Rowe  
Manager, Issuers (Perth)  
ASX Markets Supervision Pty Ltd  
Level 8 Exchange Plaza  
2 The Esplanade  
Perth WA 6000

**BY FACSIMILE: 9221 2020**

Dear James

**Reply to ASX Query 25 November 2009**

The following information is provided in the interests of placing the queries listed in the letter from ASX Limited of 25 November 2009 into context for the benefit of shareholders who may be concerned about the Company receiving a second query from the ASX.

The Philippines mining and environmental regulatory authorities conduct a comprehensive and exhaustive review prior to issuing an Order Approving the Declaration of Mining Feasibility (OADMf), more commonly known as a Notice to Proceed.

Red 5 believes that the Order Approving the Declaration of Mining Feasibility, which was issued at 7.00 pm Manila time (10.00 pm AEST) on 20 November 2009, is the only permit for a hard rock mining project to be issued in the Philippines this calendar year.

The OADMf requires submission and review of a number of integral documents prior to issue, namely the Feasibility Study, the Environmental Protection and Enhancement Program (EPEP), the Final Mine Rehabilitation and Decommissioning Plan (FMRDP), the Social Development Management Program (SDMP) and a Three Year Development and Utilisation Work Program, among other routine compliance documents. Red 5 submission of these documents to the Mines and Geosciences Bureau (MGB) in Manila occurred between June 2009 and October 2009. The SDMP, EPEP and FMRDP in particular had received endorsement by the MGB in Region XIII and unanimous endorsement by the six local communities and three municipalities (a total of 69 signatories). In total these documents comprised 967 pages of detailed operating procedures and programs.

The statements made in the Activities Report (dated 29 October 2009) and the response to the price and volume query letter (dated 20 November 2009) accurately reflect the precise circumstances with respect to the OADMf status at the respective times and dates of lodgement. At the time of responding to the ASX price query at 10.30 am (1.30 pm AEST) on 20 November 2009, the Company was still in the process of responding to queries raised by the Contingent Liability Rehabilitation Fund Steering Committee and there was no certainty as to if and when the OADMf would be approved or that as a result, there would be an implied acceptance of the EPEP and FMRDP.

With regard to your letter dated 25 November 2009, the Company provides the following answers (as applicable):

1. When did the Company become aware of the issue of the Order Approving the Declaration of Mining Feasibility referred to in the Announcement? In your response to this question please indicate the date and approximate time the Company became aware.

**Response:** The time of execution of the OADMf of the Mines and Geosciences Bureau was 7.00 pm in Manila (10.00 pm AEST) Friday 20 November 2009. It was witnessed by the Managing Director of Red 5 and immediately notified to the Board with receipt acknowledged by the Chairman at 7.27 pm in Manila (10.27pm AEST).

2. Does the Company believe that the issue of the Order Approving the Declaration of Mining Feasibility is material to the Company pursuant to listing rule 3.1?

**Response:** Yes, the OADMF is the final permit required to allow site activities for the development of the ten year mine life at Siana to commence.

3. If the answer to any part of question 2 is "yes" and the Company became aware of the issue of the Order Approving the Declaration of Mining Feasibility prior to the release of the Announcement, please advise the following:

- 3.1. Why an announcement concerning the issue of the Order Approving the Declaration of Mining Feasibility was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and

**Response:** The OADMF was issued after the close of business on Friday, 20 November 2009. The announcement was lodged at the earliest opportunity thereafter, being prior to the opening of trade on Monday, 23 November 2009.

- 3.2. Why, if the Company was not able to make an announcement concerning the issue of the Order Approving the Declaration of Mining Feasibility, the Company did not request a trading halt at that time, pending the release of an announcement concerning the Additional Agreements?

**Response:** Not applicable

4. If the answer to question 2 is "no", please advise the basis on which the Company does not consider the issue of the Order Approving the Declaration of Mining Feasibility to be material.

5. When did the Company become aware of the approval of:

- 5.1. the technical content of the Feasibility Study by the Bureau's internal technical review committee;
- 5.2. the Environmental Protection and Enhancement Program (EPEP); and
- 5.3. the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) by a panel of high level government interagency representatives known as the Contingent Liability and Rehabilitation Fund Steering Committee;

as referred to in the Announcement?

In your response to this question please indicate the date and approximate time the Company became aware of the respective approvals.

**Response:** The Company only became aware of the implied approvals at the time of issue of the OADMF, as each is a prerequisite component for the issue of an Order. Formal notification of approvals for each of the respective submissions in 5.1, 5.2, and 5.3 were not issued (and to the best of the Company's knowledge are never routinely notified).

It should also be noted that the various committee approvals or endorsements do not in themselves constitute formal approvals and as such are not considered to constitute disclosure events.

Earlier on 20 November 2009, the Company's environmental consultant had lodged a comprehensive nine page reply (dated 19 November 2009) to a series of questions raised by the Contingent Liability and Rehabilitation Fund Steering Committee with regard to the EPEP and FMRDP. As late as 5.00 pm in Manila (8.00 pm AEST) on 20 November 2009, the Company was still answering final questions with regard to matters arising from the Bureau's internal technical review committee analysis of the Feasibility Study.

6. Does the Company consider that the approvals referred to in question 5 reflect the de-risking of the Siana project as referred to in the Announcement?

**Response:** Yes – but only when considered with the OADMF approval, which is a condition precedent to concluding any financing package.

7. Does the Company believe that the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee is material to the Company pursuant to listing rule 3.1?

**Response:** Yes

8. If the answer to any part of question 7 is "yes" and the Company became aware of the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee prior to the release of the Announcement, please advise the following:

- 8.1. Why an announcement concerning the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and

**Response:** Pursuant to the response to Point 5, the implied approval of the technical content of the Feasibility Study and the OADMF was issued after the close of business on Friday, 20 November 2009. The announcement was lodged at the earliest opportunity thereafter, being prior to the opening of trade on Monday, 23 November 2009.

- 8.2. Why, if the Company was not able to make an announcement concerning the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee, the Company did not request a trading halt at that time, pending the release of an announcement concerning the approval?

**Response:** Not applicable

9. If the answer to question 7 is "no", please advise the basis on which the Company does not consider the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee to be material.

10. Does the Company believe that the approval of the Environmental Protection and Enhancement Program (EPEP) is material to the Company pursuant to listing rule 3.1?

**Response:** Yes

11. If the answer to any part of question 10 is "yes" and the Company became aware of approval of the Environmental Protection and Enhancement Program (EPEP) prior to the release of the Announcement, please advise the following:

- 11.1. Why an announcement concerning the approval of the Environmental Protection and Enhancement Program (EPEP) was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and

**Response:** Pursuant to the response to Point 5, the implied approval of the EPEP and the OADMF was issued after the close of business on Friday, 20 November 2009. The announcement was lodged at the earliest opportunity thereafter, being prior to the opening of trade on Monday, 23 November 2009.

- 11.2. Why, if the Company was not able to make an announcement concerning the approval of the Environmental Protection and Enhancement Program (EPEP), the Company did not request a trading halt at that time, pending the release of an announcement concerning the approval?

**Response:** Not applicable

12. If the answer to question 10 is "no", please advise the basis on which the Company does not consider the approval of the Environmental Protection and Enhancement Program (EPEP) to be material.
13. Does the Company believe that the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) is material to the Company pursuant to listing rule 3.1?

**Response:** Yes

14. If the answer to any part of question 13 is "yes" and the Company became aware of approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) prior to the release of the Announcement, please advise the following:

- 14.1. Why an announcement concerning the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and

**Response:** Pursuant to the response to Point 5, the implied approval of the FMRDP and the OADMF was issued after the close of business on Friday, 20 November 2009. The announcement was lodged at the earliest opportunity thereafter, being prior to the opening of trade on Monday, 23 November 2009.

- 14.2. Why, if the Company was not able to make an announcement concerning the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP), the Company did not request a trading halt at that time, pending the release of an announcement concerning the approval?

**Response:** Not applicable

15. If the answer to question 13 is "no", please advise the basis on which the Company does not consider the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) to be material.
16. Please confirm that the Company is in compliance with listing rule 3.1.

**Response:** The Company confirms that it is in compliance with listing rule 3.1.

Yours faithfully

  
**FRANK CAMPAGNA**  
Company Secretary



25 November 2009

Frank Campagna  
Company Secretary  
Red 5 Limited  
Level 2, 35 Ventnor Avenue

WEST PERTH WA 6005

By Facsimile: 08 9481 59 50

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Dear Frank

**Red 5 Limited (the "Company")**

ASX Limited ("ASX") refers to the following;

- (i) The Company's quarterly activities report for the 3 months ending 30 September 2009 released on ASX on 29 October 2009, where the Company stated inter alia:
  - Major statutory documentation submitted and approved at regional level by all stakeholders - includes the Three Year Development and Utilization Work Program, the Environmental Protection and Enhancement Program (EPEP), the Social Development Management Program (SDMP) and the Final Mine Rehabilitation and Decommissioning Plan (FMRDP).
  - Issue of Notice to Proceed awaited
- (ii) The change in the price of the Company's securities from a close of 13.5 cents on 19 November 2009 to an intra-day high of 16.5 on 20 November 2009.
- (iii) The Company's response to a price query letter dated 20 November 2009 ("Response to Price Query"), sent by ASX on 20 November 2009, where the Company advised in its response to Question 1:

*"The company is not aware of any information that would in the normal course of business require immediate disclosure.*

*In the most recent ASX announcement dated 29 October 2009 the Chairman in his review concluded as follows:*

*"With key elements of the Siana project defined, renewed investor relations marketing efforts, assisted of course by a stronger gold price, has seen shareholder numbers reach record levels. The targets for*

*the next quarter are: significant progress with the preferred funding package; the commencement of drilling at Mapawa MPSA; and a Notice to Proceed consent for Siana".*

*Each of the targets for this quarter is on schedule. In particular, an active investor presentation programme has recently been conducted in London, Hong Kong and Singapore hosted by Southern Cross Equities and Petra Capital, both of whom have issued research reports; tenders for the Mapawa drill programme have been issued, funding packages (indicative and non binding) have improved and the Notice to Proceed is with the Director of the Mines and Geosciences Bureau.*

and provided the following response to Question 3:

*There is no other explanation that the company is aware for the price and volume change in the securities of the Company.*

*Investor interest in gold equities in general reflects the all time high gold prices which currently exceed US\$1,100 per ounce. Red5 has seen a dramatic increase in shareholder numbers – up by 22% in the last 30 days, presumably also reflecting the de-risking of the Siana project as the key milestones are delivered.*

- (iv) The Company's announcement released on ASX at 8.26 am on 23 November 2009, titled "Siana Gold Project – green light for development" (the "Announcement") where the Company stated inter alia:

*Issue of the 'Order Approving the Declaration of Mining Feasibility', more commonly known as a 'Notice to Proceed', by the Director of the Mines and Geosciences Bureau completes the final permit necessary for the development of the ten year Siana gold mine to proceed.*

*The official notice follows the approval last week of the technical content of the Feasibility Study by the Bureau's internal technical review committee, and approval of the Environmental Protection and Enhancement Program (EPEP) and the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) by a panel of high level government interagency representatives known as the Contingent Liability and Rehabilitation Fund Steering Committee.*

We wish to draw your attention to the definition of "aware" in Chapter 19 of the listing rules which states that:

*"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."*

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Furthermore, paragraph 17 of Guidance Note 8 states:

*"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."*

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following applies,

- *It would be a breach of a law to disclose the information.*
- *The information concerns an incomplete proposal or negotiation.*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
- *The information is generated for the internal management purposes of the entity.*
- *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

*"Confidential" in this context has the sense of 'secret'..." and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".*

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. When did the Company become aware of the issue of the Order Approving the Declaration of Mining Feasibility referred to in the Announcement? In your response to this question please indicate the date and approximate time the Company became aware.
2. Does the Company believe that the issue of the Order Approving the Declaration of Mining Feasibility is material to the Company pursuant to listing rule 3.1?
3. If the answer to any part of question 2 is "yes" and the Company became aware of the issue of the Order Approving the Declaration of Mining Feasibility prior to the release of the Announcement, please advise the following:
  - 3.1. Why an announcement concerning the issue of the Order Approving the Declaration of Mining Feasibility was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and
  - 3.2. Why, if the Company was not able to make an announcement concerning the issue of the Order Approving the Declaration of Mining Feasibility, the Company did not request a trading halt at that time, pending the release of an announcement concerning the Additional Agreements?
4. If the answer to question 2 is "no", please advise the basis on which the Company does not consider the issue of the Order Approving the Declaration of Mining Feasibility to be material.
5. When did the Company become aware of the approval of :
  - 5.1. the technical content of the Feasibility Study by the Bureau's internal technical review committee;
  - 5.2. the Environmental Protection and Enhancement Program (EPEP); and
  - 5.3. the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) by a panel of high level government interagency representatives known as the Contingent Liability and Rehabilitation Fund Steering Committee;

as referred to in the Announcement?

In your response to this question please indicate the date and approximate time the Company became aware of the respective approvals.

6. Does the Company consider that the approvals referred to in question 5 reflect the de-risking of the Siana project as referred to in the Announcement?
7. Does the Company believe that the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee is material to the Company pursuant to listing rule 3.1?
8. If the answer to any part of question 7 is "yes" and the Company became aware of the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee prior to the release of the Announcement, please advise the following:
  - 8.1. Why an announcement concerning the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and
  - 8.2. Why, if the Company was not able to make an announcement concerning the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee, the Company did not request a trading halt at that time, pending the release of an announcement concerning the approval?
9. If the answer to question 7 is "no", please advise the basis on which the Company does not consider the approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee to be material.
10. Does the Company believe that the approval of the Environmental Protection and Enhancement Program (EPEP) is material to the Company pursuant to listing rule 3.1?
11. If the answer to any part of question 10 is "yes" and the Company became aware of approval of the Environmental Protection and Enhancement Program (EPEP) prior to the release of the Announcement, please advise the following:
  - 11.1. Why an announcement concerning the approval of the Environmental Protection and Enhancement Program (EPEP) was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and
  - 11.2. Why, if the Company was not able to make an announcement concerning the approval of the Environmental Protection and Enhancement Program (EPEP), the Company did not request a trading halt at that time, pending the release of an announcement concerning the approval?
12. If the answer to question 10 is "no", please advise the basis on which the Company does not consider the approval of the Environmental Protection and Enhancement Program (EPEP) to be material.
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14. If the answer to any part of question 13 is "yes" and the Company became aware of approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) prior to the release of the Announcement, please advise the following:
  - 14.1. Why an announcement concerning the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1; and



- 14.2. Why, if the Company was not able to make an announcement concerning the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP), the Company did not request a trading halt at that time, pending the release of an announcement concerning the approval?
15. If the answer to question 13 is "no", please advise the basis on which the Company does not consider the approval of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) to be material.
16. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.


Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **half an hour before the commencement of trading (6:30am W.S.T) on Friday 27 November 2009.**

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me.

Yours sincerely,



James Rowe  
**Manager, Issuers (Perth)**