

Siana Gold Project – Operations Update

25 August 2015

Highlights

- 4,916oz of gold recovered for the month of July 2015.
- Reconciliations of ore tonnes and grade continuing to exceed expectations against the block model.
- Ore stockpiles on hand as at end of July ~52,000 tonnes (June Quarter: ~87,000 tonnes).
- Excellent progress has been made with removal of sloughed material at the Eastern pit wall, now estimated 50% complete.
- Re-siting of the perimeter ring drain on the Eastern side of the open pit is also advancing well, now estimated 30% finished.
- Three of the geotechnical diamond holes have been completed; fourth drill hole to commence shortly.

OVERVIEW

Notwithstanding the material movement in the East wall of the open pit at the Siana Gold Project in early July 2015, Red 5 Limited (ASX: RED) advises that a total of 4,916 ounces of gold was recovered for the month of July from the processing of 64,567 tonnes of ore.

This performance reflects an increase in mine grade from the bottom of the open pit, where reconciliations of ore tonnes and grade against the block model continue to exceed expectations.

The Siana processing plant continues to perform strongly, while good progress is being made with the response to the Eastern pit wall material movement and construction of the Stage 2 embankment lifts for the High Density Poly Ethylene (HDPE) lined Tailing Storage Facility (TSF5) together with TSF3.

Red 5 maintains its production guidance for the September 2015 Quarter of 11-13,000 ounces and ~40,000 ounces for the 2016 financial year.

Mining Activities

Mining activity at Siana has been focused on open pit mining of the Stage III pit design and associated remediation of the Eastern wall, the East perimeter ring drain, Stage II of the open pit design as the immediate source of ore, and Stage IV as resources allow.

Reconciliations of actual ore tonnes and grade mined against the block model have continued to exceed expectations in the base of the open pit. This is considered to be a positive indication for the grade profile of the open pit over the next 18 months.



Figure 1 – Siana open pit Western wall cut-back with the ROM pad, site offices and power station in the background

A total of 32,839 tonnes @ 2.61 g/t of ore and 155,922 bank cubic metres (BCM) of waste was moved ex-pit during the month of July 2015. An additional 104,279 BCM of waste material, mainly relating to the East perimeter drain, was also moved during the month.

Ore stockpiles on hand at the end of July 2015 totalled ~52,000 tonnes, compared with ~87,000 tonnes at the end of the June Quarter.

Processing

The Siana processing plant has continued to perform well, with a total of 64,567 tonnes of ore processed for the month of July 2015.

A total of 4,916 ounces of gold was recovered in July, which represents another good monthly production performance since the restart of operations at Siana in January 2015.

This compares with production of 11,007 ounces for the June 2015 Quarter and 23,645 ounces for FY15 (which reflected production only for the second half).



Figure 2 – Siana processing facility showing the ball mill

Tailings Storage Facilities

Construction activities have progressed well, with sign-off from Knight Piésold for the completion of HDPE TSF5, Stage 2 being received in August. The Knight Piésold design is in compliance with:

- MGB Policy Guidelines and Standards for Mine Wastes and Mill Tailings Management;
- Australian National Committee on Large Dams Guidelines (ANCOLD); and
- International Commission on Large Dams Guidelines (ICOLD).

TSF construction has also continued with the TSF 3 Stage 2 embankment build-up. The south and west embankments have been completed at RL 59.



Figure 3 – Tailings Storage Facility 5 (HDPE TSF5) showing the HDPE lining

Eastern Pit Wall and Geotechnical Drilling

The Company has continued to make excellent progress with its response to the movement of material from the Eastern pit wall into the open pit (see ASX Announcement – 14 July 2015). Removal of the sloughed material is ahead of schedule with approximately 50 per cent of the material now removed. Re-siting of the perimeter ring drain on the Eastern side of the open pit is also advancing well, now estimated to be 30 per cent complete.

Geotechnical drilling to gain further understanding of the rock lithology and material strength in this area is also continuing with three diamond holes now completed and the fourth drill hole to commence shortly.

Weak mineralisation has been observed in geotechnical hole GT1 (refer to the July 2015 Quarterly Report) from 100.4m to 128.4m down-hole, while stronger mineralisation has been observed in hole GT3 from 231m to 239.2m down-hole.

In GT1 a 28m intersection of limestone (the host rock for the gold mineralisation) was recorded, with an estimated true thickness of 14m. Within this section, weak blebby and disseminated pyrite mineralization along with weak alteration was observed. GT3 recorded an 8m long section of alteration, consisting of quartz-carbonate stringers within an andesite host. Some of the stringers contain chalcopyrite and pyrite mineralisation. It is currently interpreted that this could be the upper part of a larger porphyritic system.

At this stage the core has not been cut for assay as it is currently being used to undertake a geotechnical assessment of the East wall.

Management Comment

Red 5's Managing Director, Mr Mark Williams, said the Company was pleased to report solid progress on several fronts at the Siana Gold Project since the start of the new financial year.

"The strong gold production achieved in July reflects the strong grade performance of the open pit, where we are continuing to see an overall increase in ounces against the block model," he said. "Our mining strategy is also advancing well and we are continuing to make excellent progress in removing the sloughed material from the recent Eastern pit wall.

"We remain focused on achieving our near-term production targets while at the same time completing the technical studies that will lay the foundations for the longer-term growth of the Siana operation," Mr Williams said.

ENDS

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About Red 5 Limited

Red 5 Limited (ASX: RED) through its associated Philippine company Greenstone Resources Corporation is a gold producer which operates the Siana Gold Project, located in the established gold mining region of Surigao del Norte in the Philippines. This richly endowed region hosts epithermal gold systems and world-class porphyry copper-gold deposits.

The Siana Gold Project re-commenced operations in January 2015 following the redevelopment of tailings storage capacity and is now focused on achieving a steady increase in commercial gold production and laying the foundations for the Company's future growth. The Company is focusing on the following key areas to create value for shareholders:

- **Reliable production** – to progress a steady and methodical ramp-up of operations at Siana based on achievable targets;
- **Technical strength** – to implement high standards across all aspects of the business, including mining, processing, the management of the Tailings Storage Facility (TSF) and the open pit wall cut-backs; and
- **Growth** – to begin laying the foundations for the Company's future growth by finalising its long-term mining plans for the open pit and future underground mine, and by recommencing exploration activities to grow its resource and reserve inventory and unlock the potential of its highly prospective exploration portfolio.

Competent Person's Statement

The information in this report that relates to Exploration Results are based on information compiled by Mr Byron Dumpleton, a Competent Person, who is a Member of the Australian Institute of Geoscientists. Mr Dumpleton is engaged as a consultant to Red 5 Limited through his company BKD Resources Pty Ltd. Mr Dumpleton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the JORC Code). Mr Dumpleton consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Mr Dumpleton has accepted being the Competent Person for the reporting of the Exploration Results was conducted at industry accepted standards suitable for reporting JORC 2004 compliance.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Forward-Looking Statements

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