



**ASX ACTIVITIES REPORT**  
**3 months ended**  
**31 March 2015**

**Red5 Limited**

is a publicly listed company  
on the ASX  
- ticker symbol RED

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**OVERVIEW**

**Siana Gold Project, Philippines**

**Highlights**

**Operations**

- Re-commissioning of gold process plant commenced during the quarter.
- 140,000 tonnes of ore processed.
- 230,000 BCM of waste moved ex-pit.
- Gold sales of 8,791 ounces.
- Gold recovered 12,638 ounces
- Ore stockpiles on hand at the end of the quarter of approximately 50,000 tonnes.

**Finance**

- Gold sales for the quarter of US\$10.2 million.
- A\$12.7 million cash balance at 31 March 2015.

**Mark Williams**

*Managing Director*  
29 April 2015



## MANAGING DIRECTOR'S REVIEW

### Introduction

Since the restart of operations in January 2015 following the lifting of the Cease and Desist Order, the recommissioning of the process plant has progressed well with just over 140,000 tonnes of ore processed for the quarter.

Recovery for the quarter was above forecast at 86% with over 12,600 ounces of gold recovered and 8,791 ounces sold. The higher recoveries were assisted by higher grade of ore. Recoveries for the June 2015 quarter are expected to be between 79% and 83%.

The Company is expected to achieve total gold production to the end of the June 2015 financial year of between 17,000 to 19,000 ounces.

### Tailings storage facilities (TSF)

The new HDPE lined Tailings Storage Facility was successfully commissioned during the quarter with all three tailings storage facilities available for deposition of tails. Development work on the next stage of the tailings storage facility construction, which includes upstream embankment rises for TSF3 and TSF4 plus a downstream raise for HDPE TSF, will commence in May 2015 at an expected capital cost of A\$3 million.

Planning is underway for additional tailings storage capacity to be available within the next 2 years. During the quarter, evaluations continued on the development of additional long term tailings storage facility options. Once technical studies, design and evaluations are complete, the Company will begin the process of land acquisition and permitting.

### Processing

Mill production during the quarter was sourced from the estimated 195,000 tonne stockpile which was available at the end of December 2014. A total of 140,222 tonnes was processed during the quarter with approximately 20,000 tonnes processed in January, 45,000 tonnes in February and 75,000 tonnes in March.

The average grade processed for the quarter was 3.3 g/t gold at an average recovery of 86%. A higher recovery of 90% was achieved in February mainly due to higher grade of ore being processed during that period. Ore stockpiles on hand at the end of the quarter were approximately 50,000 tonnes at 1.78 g/t gold.

Total ounces of gold recovered for the quarter was 12,638 ounces of which 8,791 ounces was poured and sold.

Processing costs per tonne were approximately A\$25/tonne which is slightly higher than the expected average once the plant reaches full production.





### Mining activities

Mining for the quarter was focussed on the western wall cut back and clean-up of the pit bottom with over 230,000 BCM's of waste removed ex-pit.

Silt material at the bottom of the open pit, which accumulated during the care and maintenance period and the recent wet season began to be removed in the month of March 2015, however the majority of the silt is expected to be removed during the June 2015 quarter. This will continue to be an ongoing operational requirement after each wet season.

The expected ore production for the June 2015 quarter will be impacted due to ongoing clean-up of the floor of the open pit.

### Future plans and strategy

Following the recommencement of mining and processing operations at the Siana Gold Project after a sustained period of care and maintenance, the Company has commenced a first principles review of the mining strategy for the open pit operation which will encompass:

- Hydrological review.
- Geotechnical review.
- Open pit mine planning and mine schedule.
- Existing open pit resources and further evaluation of underground resources.

Work has commenced on several aspects of the technical studies and will incorporate recent experiences and performance from the restart of operations and will also include external specialist input. The review will take several months to complete and is expected to be available by the end of the September 2015 quarter. The review will form the basis of the strategy for the next stage of development and mining of the Siana project.

Technical reviews and studies on underground resources, as well as underground mining methods and development capital requirements will commence later in the year.



### Dewatering

An expanded Phase 2 dewatering program has been approved and is now being implemented. Part of this program includes the drilling of a number of horizontal drain holes into the pit walls to improve drainage and wall stability together with a number of larger vertical dewatering and depressurisation holes.

### Exploration

Restart of exploration activities within the near mine Siana tenements and the Mapawa tenements located to the north of the Siana mine, is planned to commence in the June 2015 quarter, subject to positive operating cash flows. The initial focus for exploration will be centred on near mine targets plus infill drilling within the current underground resource.

## FINANCE

### FINANCIAL SUMMARY

Gold sales for the quarter were US\$10.2 million from the sale of 8,791 gold ounces at an average gold price received of US\$1,161 per ounce.

Total cost per ounce for the quarter was A\$982 per ounce and the All-in-Sustaining cost per ounce which includes waste removal costs, corporate costs and sustaining capital costs was A\$1,353 per ounce.

The cash balance at 31 March 2015 was A\$12.7 million of which approximately A\$8.7 million was uncommitted and available as working capital. The Company received an additional A\$4.5 million in early April 2015 from the proceeds for the last shipment that occurred on 31 March 2015.

### Quarterly Production Summary

Key Indicators	Units	Quarter ending
		Mar 2015
<b>Mine Production</b>		
Waste Mined	BCM '000s	230
Ore Mined	t	-
Mining cost per tonne	A\$/t	11
<b>Mill Production</b>		
Ore Processed	t	140,222
Head Grade - Gold	g/t	3.3
Head Grade - Silver	g/t	6.7
Processing cost per tonne	A\$/t	25
Recovery - Gold	%	86%
Recovery - Silver	%	47%
Gold Recovered	oz	12,638
Silver Recovered	oz	14,714
Gold Sold	oz	8,791
Silver Sold	oz	7,036
Average Gold Price received	US\$/oz	1,161
Cash Operating Costs (i)	A\$/oz	528
Total Operating Costs (ii)	A\$/oz	982
All In Sustaining Costs (iii)	A\$/oz	1,353

(i) Includes all site expenditure, royalties, doré shipping and refining costs, silver credits and inventory movement adjustments. Does not include actual waste stripping costs which are deferred and amortised over the life of the open pit.

(ii) Includes all cash operating costs plus plant & equipment depreciation and amortisation of waste stripping costs and capitalised pre-production mining and exploration costs.

(iii) Includes direct cash operating costs plus waste stripping, sustaining capital and corporate costs.

### Financial Summary

	Quarter ended			
	Jun 2014	Sep 2014	Dec 2014	Mar 2015
	A\$m	A\$m	A\$m	A\$m
Sales proceeds	0.1	0.0	0.0	12.0
Operating costs/ care and maintenance	(1.8)	(1.5)	(1.9)	(5.0)
Philippine and Australian corporate costs	(1.3)	(1.6)	(1.2)	(1.1)
<b>EBITDA</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(3.1)</b>	<b>5.9</b>
Depreciation and amortisation	(0.2)	(0.1)	(0.2)	(4.0)
<b>Net Earnings/(Loss) from operations</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(3.3)</b>	<b>1.9</b>
<b>Capital Expenditure</b>				
Plant/equipment/development	1.5	5.2	12.8	7.0

### Tenement directory

Project	Tenement number	Registered holder	Equity interest	
			Red 5 Group	Other
<b>Philippines</b>				
Siana gold project	MPSA 184-2002-XIII APSA 46-XIII	Greenstone Greenstone	40%	SHIC 60%
Mapawa gold project	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%
<b>Western Australia</b>				
Montague	ML 57/429, ML 57/485, EL57/793		25% free carried	
No interests in mining tenements or farm-in or farm-out agreements were acquired or disposed of during the quarter.				
<b>Abbreviations:</b> Greenstone: Greenstone Resources Corporation; SHIC: Surigao Holdings and Investments Corporation; MPSA: Mineral Production Sharing Agreement; APSA: Application for MPSA; ML: Mining Lease; EL: Exploration Licence				