



**Red 5 Limited**

**Date of Lodgement: 28/2/12**

**Title: “Company Insight – MD on Ramping Up Gold Production”**

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**Highlights of Interview**

- Expectations for ramp-up in gold production.
  - Optimising the plant and mining operations.
  - Reviewing project parameters – to be announced in the coming weeks.
  - Drilling around Siana mine site.
  - Discusses potential increase in Resources.
  - Plans to resume drilling at Mapawa in the next couple of months.
  - Expected final capital cost for Siana.
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**Record of interview:**

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Red 5 Limited (ASX code: RED; market cap of ~\$280m) in early February poured the first gold from its flagship Siana Gold Project in the Philippines. What are your expectations in broad terms for the ramp-up in gold production?

**Managing Director, Greg Edwards**

The ramp-up to the first stage nameplate production of 750,000 tpa should be complete by May 2012. Thereafter we will immediately take the production profile through to the second stage nameplate production of 1.1 million tpa. The gold production profile follows the tonnage profile. Each quarter to June 2013 will see an increase in the gold produced. Guidance production figures will be available shortly after the current budget review is completed.

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What will be required to optimize the plant? What are the remaining challenges to reach targeted production?

**Greg Edwards**

Approximately 90% of the automatic controls have been installed in the plant with the remainder to be completed over the next two months. Optimisation of the plant requires that

these automatic controls are completed and used to maximise gold production and minimise costs. We have some of the best engineers in the business finalising this aspect of the ramp-up.

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Can you outline how well the operations are performing on the mining side? Any significant issues there?

**Greg Edwards**

We have a big mining fleet through our mining contractor that is easily capable of the material movement budget we have for the foreseeable future.

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Have the project parameters been adjusted in anyway, apart from the delay in commissioning? What are now the main project parameters and financials?

**Greg Edwards**

Apart from a modest delay in the commissioning phase the project is remarkably similar in scope and outlook to the feasibility study. We have improved on the project organizational chart to better serve the environmental, community and safety needs of the project. There are also some scope changes relating to mitigating against power loss and some environmental and site drainage changes that will improve on our impressive environmental standards.

We will be able to publish a more comprehensive financial outlook in the coming days.

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Is the project proving it can cope with the extraordinary amounts of rain you've had, both at the mine and around the plant?

**Greg Edwards**

The mine has been designed with a network of drainage that copes with normal rainfall pattern at the site. We budget for a modest amount of downtime in the load and haul of waste and ore during times of heavy rainfall so our budgets are well covered in that respect.

The processing plant is designed to operate in all conditions so the amount of rainfall does not affect our production profile.

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Can you explain the significance of the drilling results after the recommencement of exploration around the Siana open pit (for the first time in 3 years)?

**Greg Edwards**

We have been recording significant intersections of gold mineralization in the latest round of drilling that are over 500 metres below surface and some of the deepest recorded to date. Whilst this mineralization is beyond the design of the open pit it gives us encouragement that the underground potential of the system is robust. We took the opportunity to complete some drill holes in the vicinity of the current pit while we can. The exploration rigs will need to vacate when the pit is ramped up to full production.

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Last year you recalculated Mineral Resources using a gold price of US\$900/oz and added 21% (526,000 ounces) to the previous Mineral Resource. Can you give a general comment on potentially further adding to Mineral Resources, particularly after the recommencement of near mine site drilling?

**Greg Edwards**

It's early days, but an increase in the Mineral Resource can be expected based on the recent deep drilling results and the definition of additional gold mineralised zones in the pit outside the current Resource.

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Roughly how sensitive is the Mineral Resource to a change in gold price assumption, given gold prices are currently much higher than US\$900/oz?

**Greg Edwards**

The Mineral Resource is not particularly sensitive to the gold price since there is not a large amount of low-grade material in the deposit in comparison to the higher grades that are more typical of the system.

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When will Mapawa, your second major project, become a greater focus for the Company? When could you be in a position to have production targets across the Company which include Mapawa?

**Greg Edwards**

We are doing additional analytical work on Mapawa samples before resuming drilling in the next couple of months.

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What is the expected final capital cost for Siana? What is your current funding position and major expected expenditure?

**Greg Edwards**

The final capital cost (in comparison with the project feasibility) will be around US\$87.0 million.

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Thank you Greg.

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