

Geological modelling at King of the Hills confirms exceptional exploration potential

Historical mine records and modelling of granodiorite unit show large-scale exploration opportunity

- Geological modelling indicates the granodiorite at King of the Hills (KOTH) extends over an area measuring ~ 4km long x 1.8km wide x over 500m deep
- Granodiorite intrusion is positioned between two significant regional structures, the Tarmoola Fault and the Ursus Shear Zone – a location considered highly prospective for gold deposition
- New modelling has identified the granodiorite’s interpreted western edge approximately 2km west of the mineralised Eastern Margin Contact where drilling is currently underway, with the interpreted position based largely on historical gravity data
- No drilling has been completed to date to test the western contact’s position or potential for mineralisation
- Reprocessing of historical 2D seismic data and compilation of a gravity inversion model is currently underway to better define the depth and geometry of the Western Margin Contact
- Results provide strong momentum to the Company’s ongoing 30,000m underground drilling program designed to test the opportunity for bulk mining along a portion of the Eastern Margin Contact

Red 5 Limited (“Red 5” or “the Company”) (ASX: RED) is pleased to advise that ongoing geological modelling has further enhanced the exploration potential at its 100%-owned King of the Hills (KOTH) gold mine in Western Australia, confirming the scale of the granodiorite unit and providing further support for a potential future bulk mining operation.

The modelling incorporates data from open pit and underground mining, gravity surveys and recent and historical drilling results, and has been undertaken to better define the size and contact margins of the granodiorite intrusion. Recent drilling along a portion of the eastern margin of the Contact Zone between the granodiorite intrusion and the host ultramafic unit at KOTH has intersected a significant zone of gold-bearing tension veins and stockworks that may be amenable to extraction using bulk mining methods.

Previously-reported significant composite assay results from this zone include:

- KHRD0095: 330m @ 1.7g/t Au (0m to ‘end-of-hole’);
- KHRD0098: 234m @ 2.0g/t Au (0m to ‘end-of-hole’); and
- KHRD0101: 127m @ 1.9g/t Au (0m to ‘end-of-hole’).

See ASX announcement dated 8 November 2018 for full details of assay results from underground drilling.

Recent modelling indicates the granodiorite unit extends over an area measuring ~4km long x 1.8km wide x over 500m deep and is located between two significant deep-seated northeast-dipping shear zones, the Tarmoola Fault to the north-east and the Ursus Shear Zone to the south-west (see Figures 1 and 2).

The granodiorite's location in a dilation position between the two shear zones is considered very prospective for gold deposition, given that fault movement along the two shears together with the intrusion being subjected to regional compression in the NW-SE orientation, likely led to the development of the large "damage zone" along the eastern contact of the granodiorite intrusion. This damage zone occurs in areas where the movement of the Tarmoola and Ursus shears caused the granodiorite to flex and crack, thereby allowing gold bearing fluids to flow into the fissures. These fissures are now presenting as the high-grade tension veins and stockworks identified in recent drilling.

Potential also exists for the presence of a damage zone along the western margin of the granodiorite, however this area remains largely untested due to the NNE plunge of the granodiorite intrusion. Recent re-interpretation of previous drilling and historical gravity data has identified the likely position of the western contact approximately 2km to the west of the Eastern Margin Contact and indicates it may also include irregular geometries prospective for deformation and the injection of mineralised fluids.

Historical RC and diamond drill holes completed in 2008 and 2010 in the area of the northern nose of the granodiorite intrusion intersected the ultramafic-granodiorite contact. Several holes returned anomalous and significant mineralisation, which are currently being reviewed to incorporate into the regional interpretations.

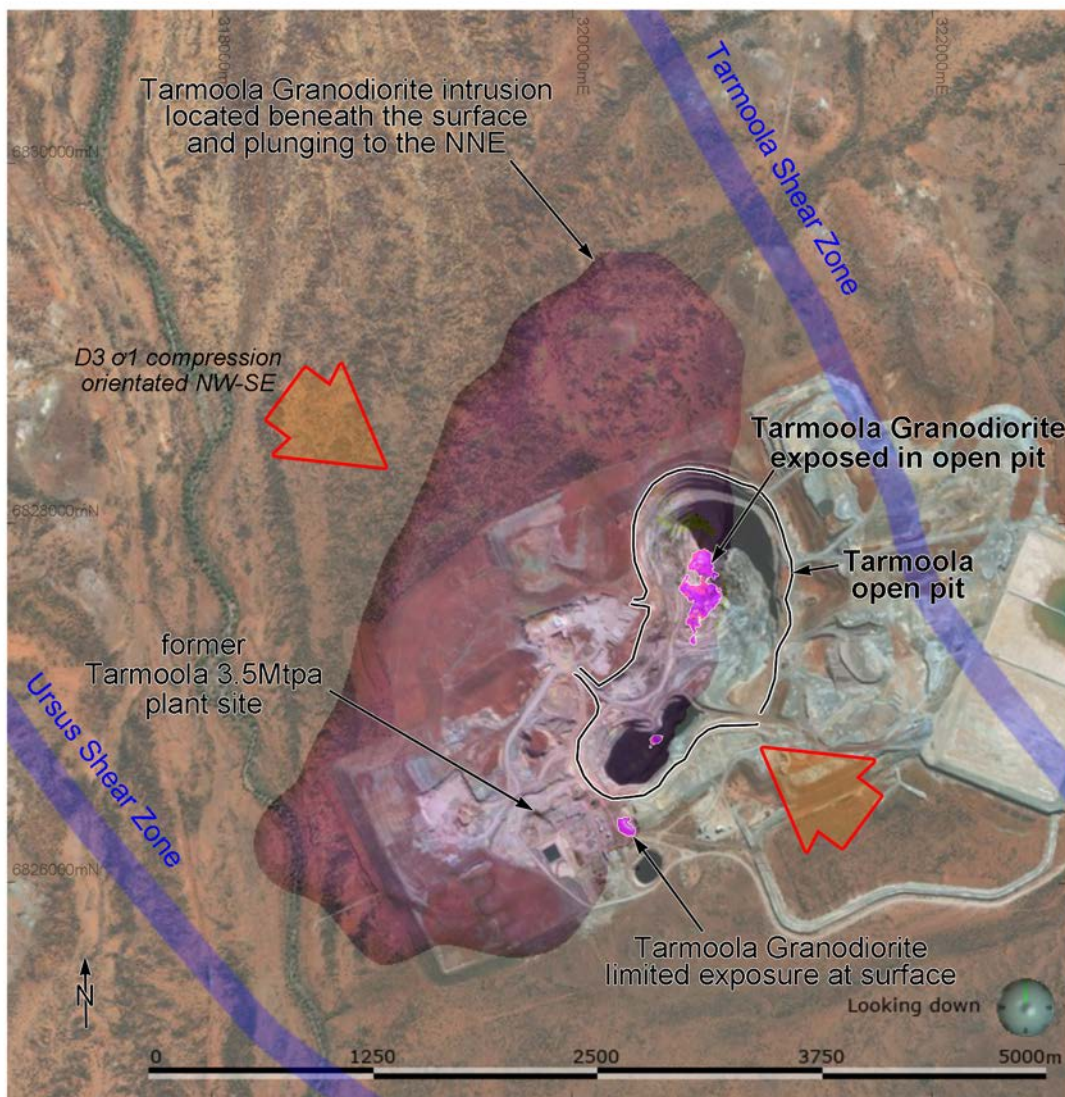


Figure 1: Aerial plan view of KOTH showing historical Tarmoola open pit, the interpreted extent of the granodiorite unit beneath the surface and the location of the regionally significant Tarmoola and Ursus shear zones.

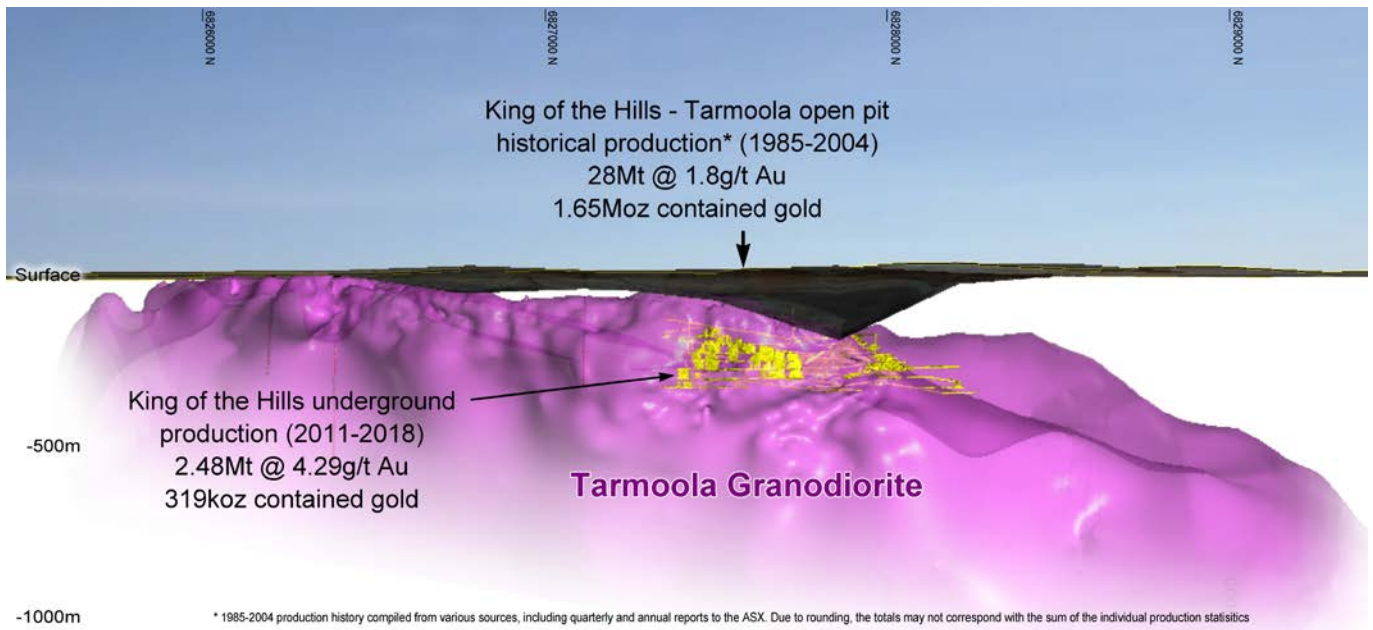


Figure 2: Longitudinal projection of KOTH showing historical Tarmoola open pit and current underground development, historical production, and the interpreted extent of the granodiorite unit to depths >500m. Underground production includes that of St Barbara, Saracen and Red 5 to September 2018

Seismic specialist, HiSeis, has been engaged to reprocess three historical 2D seismic lines, and a gravity inversion model is currently being built to assist in better defining the location and depth of the Western Margin Contact and its geometry.

Red 5 considers that the size of the granodiorite intrusion, together with its proximity to two major regional structures and the confirmation of both the high-grade gold and the development of the broad mineralised zones in recent drilling along the eastern margin, indicates a very large exploration target at KOTH.

As previously advised, the Company now has a 30,000m underground drilling program underway to better define this potential.

Historical mine data shows that the Tarmoola Open Pit produced approximately 28 million tonnes grading 1.8g/t Au for 1.65 million ounces of contained gold between 1985 and 2004, with the open pit operations prematurely ending in mineralised material due to a slippage on the open pit eastern wall.

To date, the underground mining operation has produced 2.48 million tonnes grading 4.3g/t Au for 319,000 ounces of gold (2011 to September 2018) with underground mining focused on the extraction of high-grade mineralised veins.

Red 5 is currently reviewing the bulk mineralisation that continues below the historical open pit and down along the eastern extent of the granodiorite damage zone (see Figure 3).

Red 5's Managing Director, Mark Williams said the exploration opportunity at KOTH is continuing to grow.

"The more we learn about this target, the more exciting it becomes – the damage zone associated with the granodiorite unit has genuine potential to transform the King of the Hills mining operation," he said.

"Our emerging understanding of the geological events that formed the interpreted damage zone gives us growing confidence in the potential of the Eastern Margin Contact, with the possibility of a similar zone being identified along the Western Margin.

“Both the historical open pit and the ongoing underground mining at King of the Hills have delivered very strong ounces per vertical metre, and we are very excited by the opportunity that this new zone presents,” he continued.

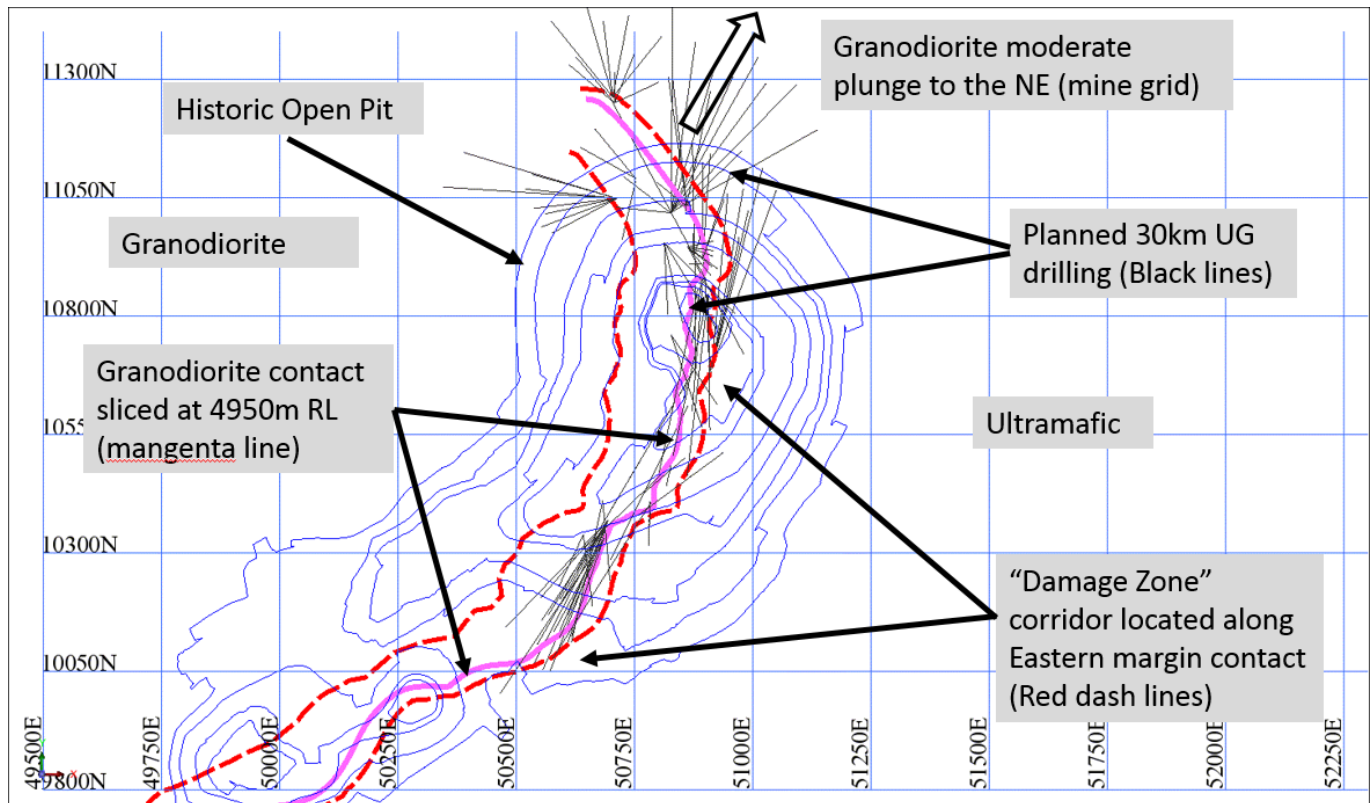


Figure 3: Plan view of KOTH showing damage zone and completed and planned 30,000m drilling program. Plan View represents a slice taken beneath the open pit, at 350 metres below surface. The targeted damage zone sits between the red dashed lines at that level.

ENDS

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Competent Person’s Statement

Exploration Results

Mr Byron Dumpleton, confirms that he is the Competent Person for the Exploration Results summarised in this report and Mr Dumpleton has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Dumpleton is a Competent Person as defined by the JORC Code, 2012 Edition, having five years’ experience that is relevant to the style of mineralisation and type of deposit described in this report and to the activity for which he is accepting responsibility. Mr Dumpleton is a Member of the Australian Institute of Geoscientists, No. 1598. Mr Dumpleton is a full time employee of Red 5 Limited. Mr Dumpleton has reviewed this report and consents to the inclusion of the matters based on his supporting information in the form and context in which it appears.

Forward-Looking Statements

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Red 5's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Red 5 believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Red 5, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Red 5 undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.