

2 March 2017

NON-CASH ASSET IMPAIRMENT EXPENSE

Red 5 Limited (ASX: RED) advises that it expects to incur a non-cash impairment charge in the carrying value of mine properties and development for the Siana Gold Project in its half year financial statements for the period ended 31 December 2016 in the order of approximately \$70 million.

The final impairment expense will be dependent on completion of the half year financial statements and is subject to completion of the half year review by the Company's auditors. The impairment expense is a non-cash item and does not have any impact on cash flows and will not have any impact on operations.

Further details on the impairment expense will be provided in the Company's half year financial statements. In arriving at this conclusion, management considered the following assumptions and circumstances in the impairment testing:

- Current open pit and underground mine plans;
- Long term average USD gold price of US\$1,250 per ounce over the life of mine;
- Foreign exchange rates sourced from independent market analysts (AUD/PHP 37, USD/AUD 0.76);
- A higher WACC discount rate of 12.0% considering the increased sovereign risk for mining in the Philippines; and
- The delay to the approval for the new tailings storage facility resulting in the Siana processing plant being placed on standby.

ENDS

For more information:

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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.

Red 5 Limited

ABN 73 068 647 610

ASX: **RED**

Shares on issue: **762.5M**

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