

20 July 2018

## June 2018 Quarterly Activities Report

*Solid progress with the ramp-up of gold production  
as near-mine exploration success at Darlot highlights potential to grow production and mine life*

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### West Australian Gold Operations

#### Processing and Production

- Gold production of 18,719 ounces and gold sales of 18,497 ounces, within forecast quarterly guidance range.
- All-in sustaining costs (AISC) of A\$1,496 per ounce for the quarter, as the King of the Hills (KOTH) project remains in its initial development phase and accordingly development costs continue to be capitalised.
- A new daily processing record was achieved in June 2018 with 3,249 tonnes milled, which equates to 135tph or 1.1Mtpa in annualised throughput. Steady-state throughput of ~1.0Mtpa reached, compared to nameplate of 0.83Mtpa.
- Gold recovered for the September 2018 Quarter expected to be in the range of 23,000-26,000oz at an AISC of A\$1,610 – A\$1,790 per ounce. Higher production and a lower AISC range are expected in the December 2018 quarter, which is expected to deliver positive cash-flow.

#### Mining

- New mine design completed to facilitate quick access to the newly-delineated high-grade Oval West deposit (see below), with development already underway on the Oval 655 and Oval 723 ore drives. This will continue through the September 2018 quarter, providing access to high-grade ore stopes.
- Ramp-up of underground mining at KOTH continuing, delivering 64,936 tonnes grading 3.13g/t Au for 6,638 ounces for the quarter. Of this total, 12,380 tonnes grading 5.84g/t for 2,326 ounces were sourced from narrow high-grade veins by means of air leg mining.
- Total ore stockpiles of 40,800 tonnes grading 1.7g/t Au available for processing at Darlot at Quarter-end, containing an estimated 2,200 ounces of gold.

#### Exploration and Resource Development

- Updated JORC 2012 Indicated and Inferred Resource completed for the Oval deposit at Darlot, comprising 391,200 tonnes grading 9.32g/t Au for 117,200 ounces, representing a 79% increase in contained ounces.
- High-grade results returned from west of the current CDA Oval stoping area, including:
  - 9.0m @ 68g/t Au from 80.5m (Hole CAD0412)
  - 4.5m @ 50g/t Au from 67.7m (Hole CAD0406)
  - 14.0m @ 36.6g/t Au from 57.1m (Hole CAD0403 – F/W Zone)
  - 6.0m @ 21.9g/t Au from 61.6m (Hole CAD0411 – F/W Zone)
  - 4.5m @ 28.4g/t Au from 69.7m (Hole CAD0408)
  - 5.0m @ 24.5g/t Au from 79.4m (Hole CAD0409)
- Exceptional high-grade results from Resource in-fill and extensional drilling at KOTH, with results including:
  - 0.24m @ 927g/t Au from 103.96m (Hole KHRD0019 lode – New Zone)
  - 0.8m @ 57.66g/t Au from 69m (Hole KHRD0026 lode – New Zone)
  - 0.21m @ 26.4g/t Au from 35.92m (Hole KHRD0020 lode – Aggo Lode)
  - 0.2m @ 22.9g/t Au from 11.37m (Hole KHRD0020 lode – River Run)

**Red 5 Limited**

ABN 73 068 647 610

ASX: **RED**Shares on issue: **1,241M**

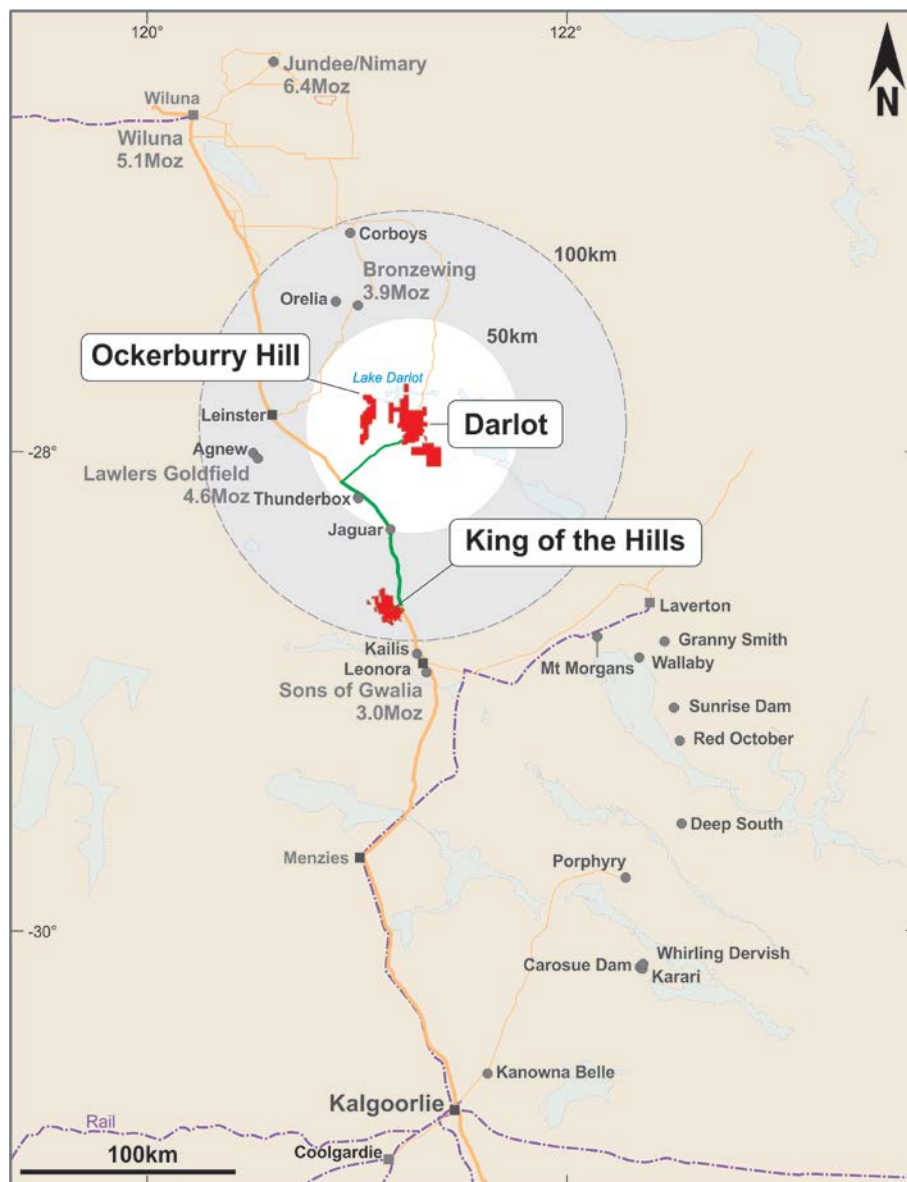
Level 2, 35 Ventnor Avenue West Perth 6005 Western Australia Tel: (+61) 8 9322 4455 Fax: (+61) 8 9481 5950

Web: [www.red5limited.com](http://www.red5limited.com) Investor enquiries: [info@red5limited.com](mailto:info@red5limited.com)

- Resource in-fill and extensional drilling at the Waikato/Waikato South Open Pit demonstrates good continuity of mineralisation along strike.
- Red 5 has successfully secured a second WA Government co-funded drilling grant of \$150,000.

#### **Finance and Outlook**

- Group cash and bullion on hand at the end of June 2018 was A\$12.9 million.
- Annual production guidance for CY2018 remains unchanged, with updated production guidance for FY2019 to be provided together with a Mineral Resource and Ore Reserve update in August 2018.
- Agreement for the sale of the Company's royalty entitlement from the Mt Cattlin mine for \$11 million. Subsequent to the end of the quarter, Foreign Investment Review Board (FIRB) approval was confirmed and \$7 million was received by the Company from LRC Corporation. The balance of the \$4 million has been deposited into escrow and is expected to be released upon receipt of the June 2018 or September 2018 quarter royalty entitlement.



**Figure 1:** Darlot and King of the Hills locations, showing historical production from key gold deposits in the region.

Red 5 Managing Director, Mark Williams, said:

*“During the June Quarter, we continued to lay the foundations for our WA gold operations to continue their ramp-up. We believe that we are firmly on track to achieve this goal thanks to the significant ongoing investment in both mine development and exploration during the quarter.*

*“On the mining front, Darlot delivered another good performance during the quarter, albeit with lower head grades due to the current mining sequence. At King of the Hills, the ramp-up of mining continued during the quarter and we are confident that this operation will hit its straps in the September quarter with numerous high-grade stopes in the mine plan.*

*“A key highlight for the quarter was the outstanding success of the near-mine drilling program at the Oval deposit, targeting potential immediate extensions of current mining areas. This program has delivered in spades, with less than six months of drilling delivering a significant resource increase and high-grade reserve which will provide a key source of high-grade feed at Darlot for the next two years.*

*“We hope to replicate our success at the Oval deposit across other sectors of the mine and, to this end, a second underground diamond drilling rig commenced during the quarter targeting a number of highly prospective underground targets. We have demonstrated that there is plenty of gold yet to be discovered at Darlot, and we are confident that our approach to exploration will pay dividends in the months and years ahead.*

*“Following the success of our recent exploration and resource development programs, the Company is now working on an updated global Mineral Resource and Ore Reserve estimate for both Darlot and KOTH, which will be available in August 2018 together with our production guidance for the 2019 financial year. We expect that this will provide investors with a clear roadmap to understand the potential of our rapidly growing gold business in Western Australia.”*

## WEST AUSTRALIAN GOLD OPERATIONS

### Production Summary

A total of 18,719 ounces of gold was recovered for the June 2018 Quarter (March 2018 Quarter: 12,928oz) with ore sourced predominantly from the Darlot Gold Mine and a growing contribution from the King of the Hills (KOTH) satellite underground mine. All-in sustaining costs (AISC) were \$1,496 per ounce (exclusive of KOTH initial development phase).

	June 2018 Quarter	FY18
Mined tonnes	130,062t	402,271t
Mined grade	2.69g/t	3.42g/t
Tonnes milled	209,356t	458,835t
Average head grade	3.00g/t	3.50g/t
Recovery	92.7%	93.5%
Gold recovered	18,719oz	48,259oz
Gold sales	18,497ozs	47,286oz
All-in sustaining cost <sup>1</sup>	A\$1,496/oz	A\$1,480/oz

**Table A – Darlot Gold Mine, Key Production Metrics.**

*Note 1: Lower AISC for the June 2018 quarter is due to development costs for the King of the Hills project being capitalised due to the King of the Hills mine continuing to remain in an initial development phase.*

### Processing

The Darlot mill processed a total of 209,356t of ore for the June 2018 quarter with ore predominantly from Darlot and a growing contribution from KOTH. A feed grade of 3.0g/t and recovery of 92.7% produced a total of 18,719oz for the quarter.

Process improvements and debottlenecking initiatives from the previous quarter have continued to produce improved results with the mill achieving an average throughput of 115tph, resulting in a record of 78,611t being milled for the month of June 2018.

Daily mill throughputs in excess of 130tph have also been achieved on a sustained basis, resulting in a new Darlot record for 24 hour milled tonnes of 3,249t achieved in June 2018. This equates to an annual throughput rate in excess of 1.1Mtpa. Steady state throughput of ~1.0Mtpa has been reached, compared to nameplate of 0.83Mtpa.

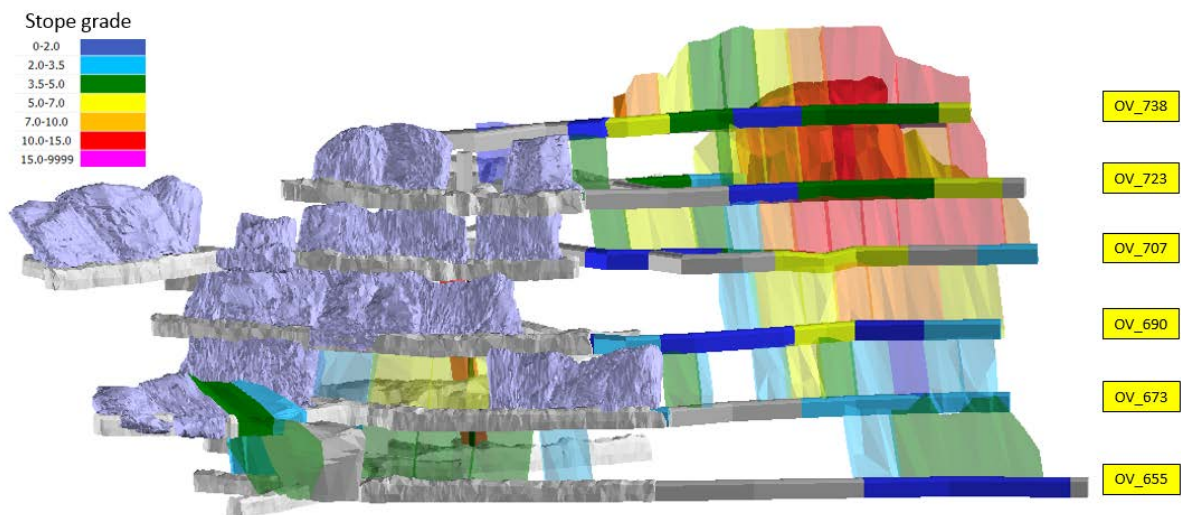
Major works during the quarter included a large mill shutdown in May 2018 to reline mill 1, power station HV inspections and the installation of a new triple deck vibrating screen in the crushing circuit.

## DARLOT GOLD MINE

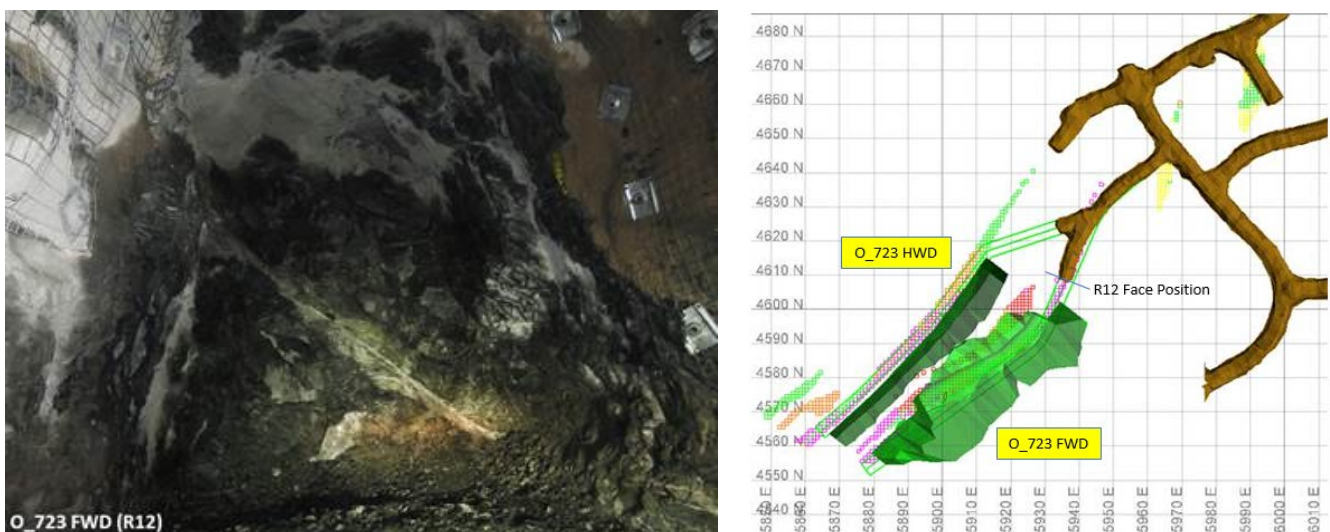
### Mining Activities

Ore was sourced from multiple working areas including the higher grade Oval orebody located within the Centenary underground mining area at Darlot. The Marsh, Walters and Bradman areas continued with successful remnant mining of mid-grade ore supplementing the primary Oval orebody.

Development activity continued with mining extensions to the Trinidad, Bradman, Lillie and Grace Remnant areas and approvals given to commence development towards Burswood in the upcoming financial year.



**Figure 2:** New mine design for the Oval mining area.



**Figure 3:** Development of Oval 723 Footwall Drive: Oval Hanging Wall Lode diagonally across the face:  
First intersect of ore, 6m from planned stoping region, mineralisation was narrow as expected, ore zone assayed at 35g/t.



## KING OF THE HILLS PROJECT



**Figure 4:** Delivery of Pit N Portals new DD321 Jumbo, allowing for tighter mining widths, optimising stoping with the narrow orebodies. Second image shows the Riverrun C5145 Development Face and ore zone grading at 498g/t at ~0.25m width.

### Mining Activities

Airleg mining has been undertaken on high-grade narrow mineralised veins at KOTH, together with development of 3m by 3m drives to access additional bays for stoping. Production from these veins totalled 12,380 tonnes grading 5.84g/t Au for 2,326 ounces for the reporting period.

Development activities have continued in extending the central decline and towards the new southern orebodies, initially targeting the Riverrun and Theon lodes. This development has also intersected and exposed other potential ore sources such as the Gilly and Aggo Lodes.

Development commenced on the Regal Decline at the base of the mine now that the link drive has been dewatered and services re-established. The Regal lode will be the major ore source for the next three years. A new Sandvik DD321 jumbo was mobilised to KOTH during the Quarter, which will allow for a reduction in the widths of ore development to 3.8 metres thereby reducing dilution.

Narrow high-grade veins at KOTH are successfully being mined using airlegs and narrow mining techniques. As a result, over 170 mineralised veins are currently being remodelled.

### Ore Sorter Trial

Red 5 is currently trialling the use of an ore sorter at the KOTH operations. The use of advanced ore sorting technology has the potential to increase gold production from low-grade ore stockpiles at KOTH, while also reducing the amount of material being trucked to Darlot and reporting to the mill. Ore sorting technology has been used at other gold mining operations in Western Australia with positive results.

Preliminary laboratory testing on selected low-grade samples has commenced to assess the amenability of KOTH ore to ore sorting. If the results are successful a larger scale pilot plant may be trialled onsite.

### Heap Leach Project

Initial results from heap leach amenability test work undertaken during the previous quarters on samples of ore from the KOTH project are positive and indicate the potential for heap leaching of lower grade ores from both the underground and ore which can be accessed via a cut-back on the historical open pit.

Preliminary Intermittent Bottle Roll (IBR) test work indicates >70% gold recovery is achievable at typical heap leach operating conditions. Second stage column leach test work commenced during the June 2018 Quarter on a bulk sample from KOTH underground, with results expected within three months. Second stage column leach test work for bulk samples from in situ open pit material are expected to commence during the September 2018 Quarter.



*Figure 5: DDH1 drilling at KOTH for metallurgical heap leach samples.*

## EXPLORATION AND RESOURCE DEVELOPMENT

An updated Mineral Resource and Ore Reserve statement for both the Darlot and KOTH projects is expected to be available in August 2018. Resource-to-Reserve conversion is anticipated to increase as mine designs are completed on the updated resource models.

### ***Oval Resource and Reserve Update***

Following highly successful near-mine drilling, Red 5 has delivered an updated Mineral Resource estimate for the key Oval mining area, part of the Centenary underground workings at Darlot.

The updated Indicated and Inferred Mineral Resource for the Oval deposit comprises **391,200 tonnes grading 9.32g/t Au for 117,200 ounces of contained gold**, representing a 79% increase in contained gold, over the previous Resource estimate delivered in December 2017 (see ASX announcements dated 19 June 2018 and 21 December 2017 – deposit previously referred to as “Centenary Depth Analogue Lower”).

The updated Resource includes a maiden high-grade Ore Reserve for the newly-defined Oval West area, which has been delineated less than six months after this area was first targeted by extensional underground drilling. The Oval West Probable Ore Reserve, comprising **325,337 tonnes at an average grade of 5.89g/t Au for 61,571 ounces**, is located immediately west of the existing underground workings within the Oval Resource Area.

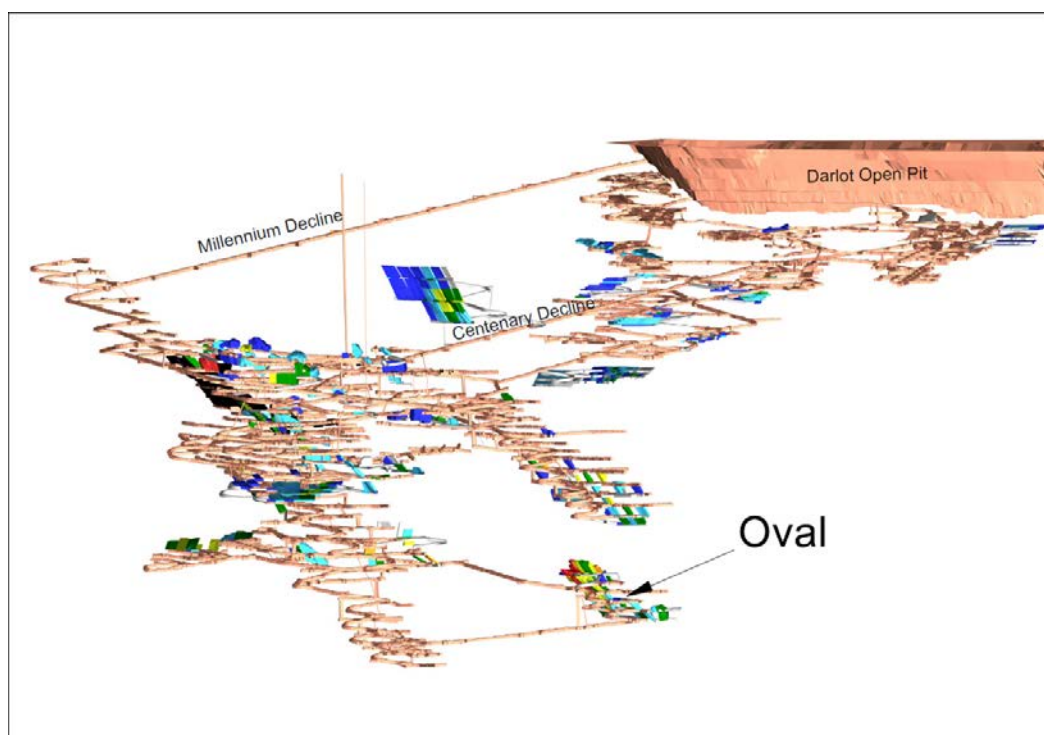
The new Ore Reserve has underpinned a revised mine design for this high-grade sector of the mine. Ore drive development is already underway, with bulk stoping of the new ore zone scheduled to commence in October 2018. Oval West is expected to become an important source of high-grade ore feed for the Darlot operation over the next two years.

Full details of the updated Oval Resource and Reserve estimate are provided in the Company’s ASX announcement dated 19 June 2018.

## **Darlot Exploration**

### ***Oval workings***

Underground diamond drilling has been underway since early 2018 targeting immediate western and down-dip extensions to the existing Oval Resource area.



**Figure 6:** Location of the Oval Mining Area within the Darlot Gold Mine.

This drilling was completed during the quarter, with high-grade results reported including:

#### *Oval Main Zone*

- 9.0m @ 68g/t Au from 80.5m (CAD0412)
- 4.5m @ 50g/t Au from 67.7m (CAD0406)
- 5.0m @ 24.5g/t Au from 79.4m (CAD0409)
- 4.5m @ 28.4g/t Au from 69.7m (CAD0408)
- 2.1m @ 22.2g/t Au from 94.7m (CAD0415)
- 1.4m @ 22.6g/t Au from 107.6m (CAD0422)
- 2m @ 20.4g/t Au from 95.5m (CAD0416)
- 9.0m @ 13.2g/t Au from 85.5m (CAD0403)
- 4.5m @ 10.3g/t Au from 90.1m (CAD0421)
- 5.0m @ 5.7g/t Au from 64.5m (CAD0400)
- 7.5m @ 5.9g/t from 76.9m (CAD0411)
- 5.0m @ 5.5g/t Au from 70.5m (CAD0401)
- 4.0m @ 4.0g/t Au from 78.7m (CAD0413)

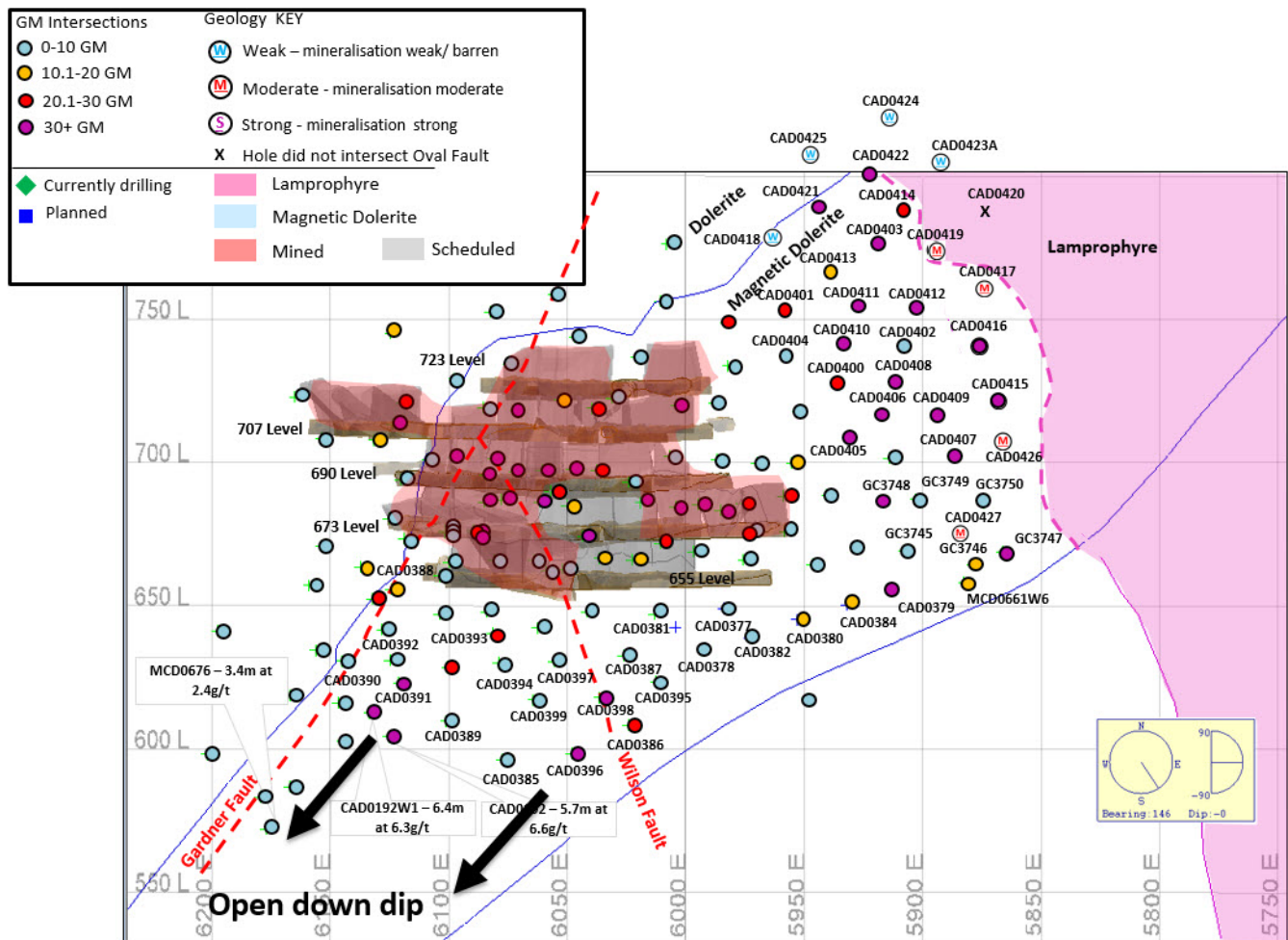
#### *Oval Footwall Zone*

- 14.0m @ 36.6g/t Au from 57.1m (CAD0403)
- 9.0m @ 18.4g/t Au from 58.3m (CAD0413)
- 6.0m @ 21.9g/t Au from 61.6m (CAD0411)
- 4.0m @ 23g/t Au from 72.1m (CAD0416)
- 2.5m @ 39.0g/t from 50.8m (CAD0412)
- 0.5m @ 54.6g/t Au from 85.3m (CAD0416)
- 2.5m @ 20.2g/t Au from 68.9m (CAD0420)
- 2.0m @ 19.8g/t Au from 62.1m (CAD0406)
- 1.0m @ 18.8g/t from 48.1m (CAD0401)
- 5.0m @ 7.5g/t Au from 55.9m (CAD0421)
- 3.0m @ 5g/t Au from 60.2m (CAD0422)
- 1.3m @ 2.1g/t Au from 58.5m (CAD0408)



Drilling figures quoted are estimated true widths and the 'from' distance is the down hole intercept distance from the underground drill collar. Assays for hole CAD0417 are pending. Refer to ASX announcements dated 28 May 2018 and 19 June 2018 for the supporting JORC Tables for the drill results quoted above.

### Oval Long Section looking SSE



**Figure 7: Drilling at the Oval long section looking to the SSE showing current ore development, stoped and planned stopping areas, planned drill holes, gram metre (GM) intercepts of completed holes from current program and historical drill holes and GM values. Diagram does not show the FW intercepts. Hole CAD0420 has Strong mineralisation in the FW, the Oval Main zone mineralisation in this section has been stoped by the Lamprophyre.**

In addition to the successful drilling to the western section of the Oval structure, drilling targeting down-dip extensions to the Oval structure has identified two prominent shoots below the 655m level. Good mineralisation has developed along the contact along the lower portion of the magnetic dolerite and the Oval Fault, with a second shoot being developed proximal to the Gardner Fault and following the intersection trend between the Gardner Fault and the magnetic dolerite with mineralisation generally being maintained within the magnetic dolerite. This mineralisation remains open at depth.

### Waikato/Waikato South Open Pit – Resource In-fill and Extensional Drilling

Drilling across the Waikato Trend was completed during the Quarter, comprising 122 RC holes drilled for a total of 6,254m. The program was designed to in-fill drill at 20m x 20m spacing within open pit shells developed from previous 80m x 40m spaced exploration drilling around Waikato South, with the aim to test the continuity of mineralisation along the southern portion of the Waikato structural corridor.

The first batch of assay results from this program, comprising 26 RC holes from the north-west end of the Waikato South Resource, returned encouraging results which demonstrate good continuity of mineralisation along strike.



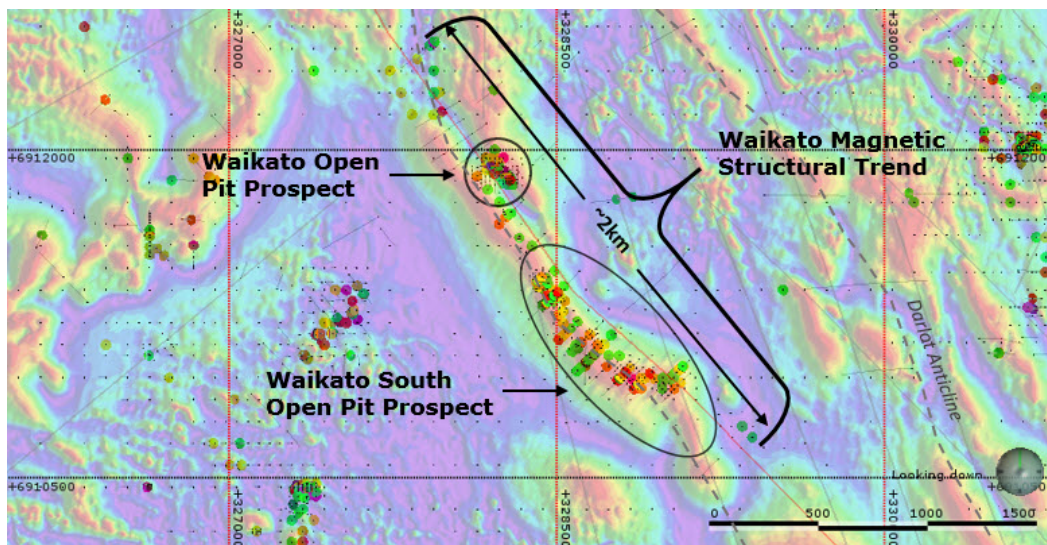
Significant assay results received from this drilling to date include:

- 26m @ 1.21g/t Au from 1m (Hole SWRC0058);
- 24m @ 1.17g/t Au from 6m (Hole SWRC0057) - drill hole ended in 1m @ 4.7g/t and has been re-entered;
- 5m @ 1.95g/t Au from 18m (SWRC0045);
- 6m @ 1.72g/t Au from 40m (SWRC0049); and
- 7m @ 1.37g/t Au from 5m (SWRC0060).

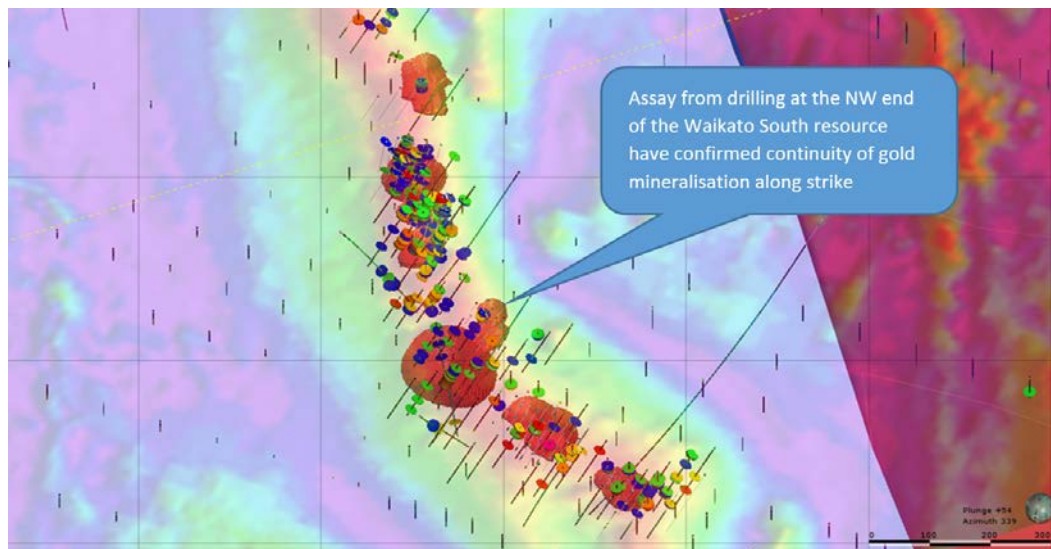
Widths quoted are down-hole lengths and are close to true widths, figures may include up to 2m internal dilution.

These results highlight the potential of the Waikato South orebody and indicate the potential to expand the historical resource along strike between the Waikato and Waikato South prospects (see Figure 8). The next phase of drilling also completed during the quarter at the Waikato South prospect focused on identifying and confirming the continuity of the mineralisation along the 1,000m strike length that currently defines the southern portion of the Waikato Trend. Assays and final geological review are pending.

The Waikato South historical resource remains open to the north-west, the north-east and at depth, and offers potential extensional opportunities outside and below the current scoping study pits generated by SRK Consulting.



**Figure 8:** Plan view of the high definition magnetics showing the Waikato and Waikato South open pit prospects located along the Waikato Magnetic Structural Trend showing historical and latest drilling.



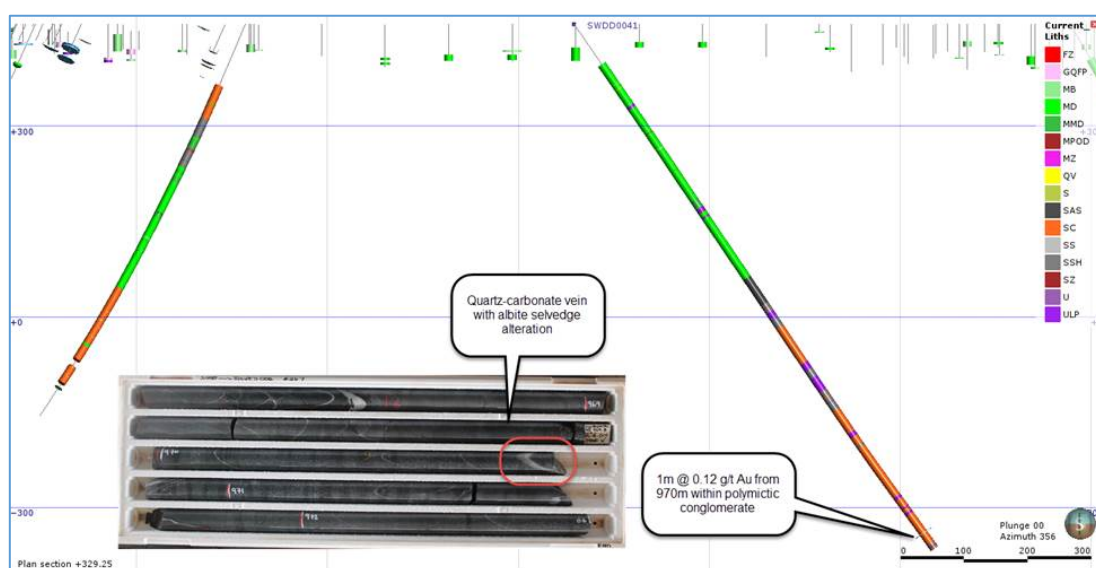
**Figure 9:** Plan view showing close-up of the Waikato South Prospect along potential pit optimisations generated from the SRK review.

### **Waikato IP and SW Continuation of the Oval and Lords Faults**

Exploration drill hole SWDD0041 was designed to test a 1.5km long, north-east trending IP chargeability zone proximal to the Waikato South target at Darlot, which is constrained within the south-west continuation of the Oval and Lords fault corridor which acts as the main structural control for the Centenary gold deposit located 2.5km to the north-east.

The drill hole was completed to an end-of-hole depth of 1000.5m, and successfully intersected the Oval and Lords fault structures at the anticipated depths predicted from fault surfaces modelled using the 3D seismic data, however no significant gold mineralisation was intersected at this location.

The source of the IP anomaly is now interpreted to be diagenetic pyrite clusters associated with volcanoclastic conglomerates. These generally lacked significant gold, however a quartz-carbonate vein at ~970.8m with albite selvages produced 1m @ 0.12 g/t Au from 970m within polymictic volcanoclastic conglomerate (see Figure 10).



**Figure 10:** Hole SWDD0041 showing quartz-carbonate vein at ~970.8m with albite selvage's produced an anomaly 1m @ 0.12 g/t Au from 970m within polymictic volcanoclastic conglomerate



### **Waikato Thrust Fault (modelled from 3D seismic data)**

Exploration drill hole SWDD0040 was designed to test for mineralisation on the interpreted Waikato Thrust fault which was modelled from 3D seismic data and was interpreted to represent a potential analogue or thrust repeat to the mineralised Darlot Thrust located approximately 1.5km to the north-east. Fault modelling and the subsequent extrapolation of the Waikato Thrust surface beyond the south-west extent of the 3D seismic survey area indicates that the fault trace at surface is spatially coincident with north-west trending gold mineralisation hosted in high magnetic response at Waikato and Waikato South.

This hole was completed to an end-of-hole depth of 745m, with assay results received for up to 424m (almost to the end of the non-magnetic dolerite). Despite intersecting strongly sheared and sericite altered siltstones and sandstones as well as magnetic dolerite with up to 5% pyrite stringers in the top ~350m, gold anomalism was not detected.

However, the drill hole did return encouraging results, notably the intersection of two broad alteration zones comprising favourable mineral assemblages hosted in strongly sheared felsic/ intermediate and interpreted mafic host rock. This type of structural and alteration setting is analogous to the Darlot-Centenary mineral system and may indicate that the drill hole is at the margin of a mineralised ore system of similar characteristics. This theory is further supported by the close proximity of the Waikato and Waikato South gold orebodies located to the west and northwest of SWDD0040.

Modelling of the mineralisation indicates that the Waikato South orebody is controlled by a north-west striking and north-east dipping structure similar in orientation to the Waikato Thrust.

Additional exploration drilling further to the west and closer to the Waikato South orebody is required to increase an understanding of the structural and mineralisation relationship between Waikato South orebody and the Waikato Thrust.



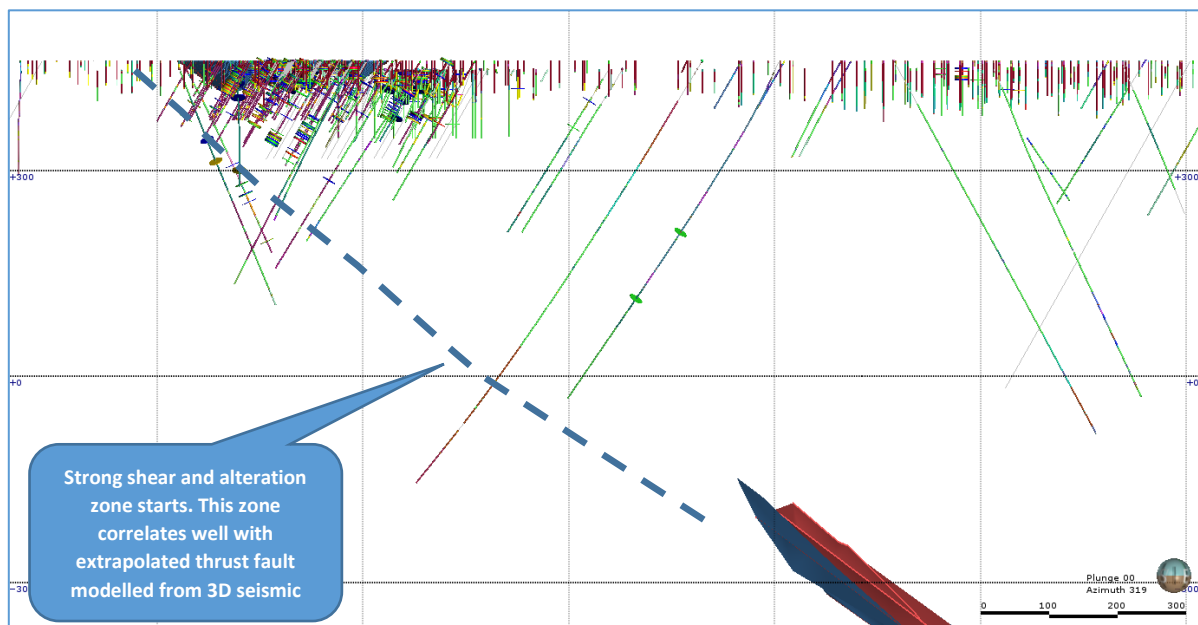
**Figure 11:** Photo showing hole SWDD0040 between 487-491 metres. High strain deformation and pervasive alteration persists down to 680m. This zone is indicative of strong shear and high fluid flow.



**Figure 12:** Photo showing hole SWDD0040 between 491-496 metres. High strain deformation and pervasive alteration persists down to 680m. This zone is indicative of strong shear and high fluid flow.



**Figure 13:** Photo showing hole SWDD00040 between 496-501 metres. High strain deformation and pervasive alteration persists down to 680m. This zone is indicative of strong shear and high fluid flow.

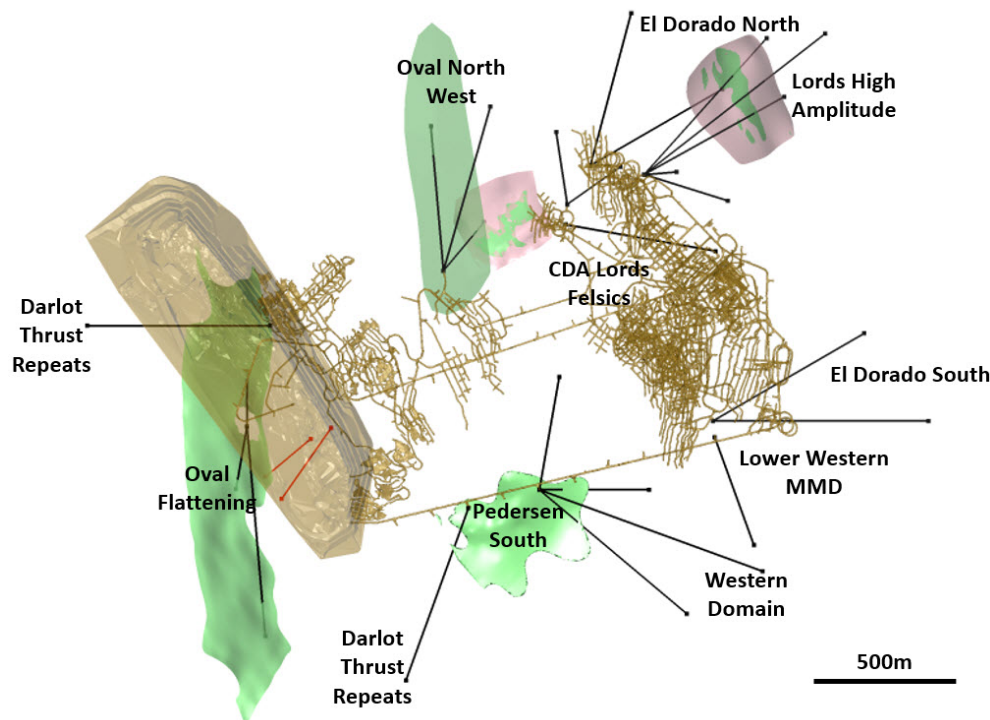


**Figure 14:** Interpreted Waikato Thrust.

### **Darlot – Key Underground Targets**

A second Barmingo (LM1300) underground drill rig arrived at Darlot in June 2018 and will be utilised to focus on near-mine targets and 3D seismic targets. Key initial targets for the FY19 year include Lords High Amplitude, Lords northern extension (CDA Lords Felsics), Oval North West, and Oval Flattening, (see Figure 15).





*Figure 15. Key underground drilling targets at Darlot.*

#### ***El Dorado North Prospect Exploration Incentive Scheme Grant***

During the quarter, the Company secured its second Western Australian Government co-funding grant of \$150,000 towards a planned drill program at the EL Dorado North prospect located approximately 1.4km to the north east of the Darlot pit. The planned 1.5km deep hole is designed to test the seismic interpretations of key mineralised structures including the Oval and Lords in favourable magnetic dolerite to the north east of the mine area.

#### **King of the Hills Project – Near Mine Exploration**

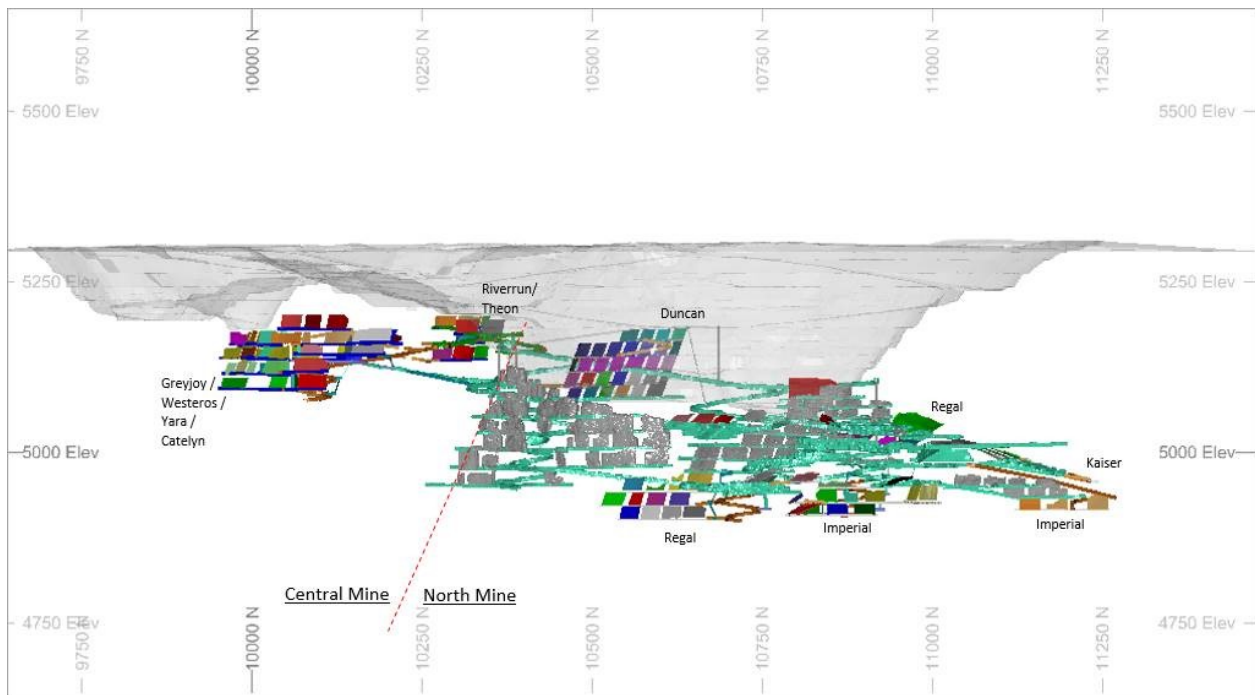
Drilling at the King of the Hills (KOTH) underground operation has been designed to in-fill and extend the current Resource model.

Results received from the drilling to date have been very positive, delivering high grades over narrow intervals, which is consistent with high-grade narrow vein structures observed over certain areas of the KOTH project.

High-grade results received from KOTH drilling during the reporting period include:

- 0.24m @ 927.0g/t Au from 103.96m (Hole KHRD0019 lode – New Zone)
- 0.8m @ 57.7g/t Au from 69m (Hole KHRD0026 lode – New Zone)
- 0.21m @ 26.4g/t Au from 35.92m (Hole KHRD0020 lode – Aggo Lode)
- 0.2m @ 22.9g/t Au from 11.37m (Hole KHRD0020 lode – River Run)
- 0.18m @ 12.2g/t Au from 7.65m (Hole KHRD0019 lode – River Run)
- 0.2m @ 11.4g/t Au from 244.43m (Hole KHRD0020 lode – New Zone)
- 0.2m @ 9.9g/t Au from 49m (Hole KHRD0026 lode – New Zone)
- 0.5m @ 7.5g/t Au from 121.81m (Hole KHRD0020 lode – Theon Lode)
- 1.19m @ 4.4g/t Au from 233.12m (Hole KHRD0020 lode – New Zone)

*Widths quoted are down-hole lengths and are close to true widths.*



**Figure 16.** Long Section view looking east of the King of the Hill Deposit, illustrating the current pit, the North Mine underground workings and the proposed mine design for both the North and Central mining areas.

## SIANA GOLD PROJECT, PHILIPPINES

Through its Philippine-affiliated company Greenstone Resources Corporation, the Red 5 Group holds an interest in the Siana Gold Project, located on the island of Mindanao in the Philippines, which is held under a Mineral Production Sharing Agreement (MPSA). Mining operations at the Siana Project are currently suspended, pending an improvement in operating conditions in the Philippines.

Ongoing activities at Siana during the quarter included dewatering of the open pit, infrastructure maintenance, monitoring of geotechnical issues and pit wall stability and community and government relations activities. Positive engagement is continuing with Philippine regulatory authorities regarding required approvals to enable construction of an additional tailings storage facility for the Siana operations.

## CORPORATE

### Sale of Mt Cattlin Royalty

During the Quarter the Company entered into an agreement for the sale of its royalty entitlement from the Mt Cattlin mine in Western Australia to Canadian royalty company, Lithium Royalty Corporation (LRC).

Red 5 owned the right to receive a royalty of \$1.50 per tonne of ore processed from the Mt Cattlin mine which is owned and operated by ASX-listed Galaxy Resources Limited (Galaxy Resources) (ASX: GXY).

Under the terms of the Sale and Purchase Agreement, the total consideration for the transaction is \$11 million, with \$7 million payable at completion upon approval from the Foreign Investment Review Board (FIRB) and execution of a Deed of Assignment and Assumption with Galaxy Resources. The balance of \$4 million will be held in escrow and released to the Company upon receipt of the June 2018 or September 2018 quarter royalty entitlement. Subsequent to the end of the quarter the Deed of Assignment was executed by all parties, FIRB approval was confirmed and \$7 million was received by the Company from LRC and the balance of \$4 million has been deposited into escrow.

**Takeover Bid for Bullseye Mining Limited**

On 19 February 2018, Red 5 announced a conditional off-market takeover bid for all of the fully paid ordinary shares in Bullseye Mining Limited. Bullseye is an unlisted public company whose Western Australian-based gold portfolio includes the Laverton Project, located ~30km to the north of the Darlot Gold Mine, the Southern Cross Gold Project and the Aurora Gold Project.

The proposed transaction is consistent with Red 5's previously announced Eastern Goldfields Consolidation Strategy, given the proximity of the Laverton Project to the centrally located processing facility at Darlot.

Bullseye shareholders are being offered 1 fully-paid ordinary share in Red 5 for every 5 Bullseye Shares they hold. Further details of the transaction are outlined in the Company's ASX Announcement dated 19 February 2018 and the Bidders Statement lodged with ASX on 17 April 2018. Conditions to the offer have not been satisfied to date.

During the Quarter, Red 5 extended the period during which the offer will remain open so that the offer will now close on 31 July 2018, unless further extended or withdrawn in accordance with the Corporations Act. In addition, the Company advised its intention to waive the Minimum Ownership Condition.

**FINANCIAL****Cash balance**

The Group's cash balance, including bullion on hand at the end of June 2018 was \$12.9 million. As previously advised, a working capital debt facility of \$10-\$15 million remains under consideration by Red 5.

**Hedging**

Supporting the Company's cash flow moving forward is the benefit of a short term 24,500 ounce hedge position at an average gold price of \$1,734 per ounce.

**2018 Production Guidance and Outlook**

Production for the September 2018 Quarter is expected to be in the range of 23,000 to 26,000oz at an all-in sustaining cost of \$1,610-\$1,790 per ounce. Oval development is progressing through the September 2018 quarter with access to high grade ore stopes. Higher production and a lower AISC range are expected in the December 2018 quarter.

Previously announced production guidance of 85,000-95,000oz for calendar year 2018 remains unchanged, however, moving forward the Company intends to provide guidance on a financial year basis.

Production guidance for FY2019 is scheduled to be available, together with updated Mineral Resources and Ore Reserves for the Company's Western Australian Gold Operations, in August 2018.

**ENDS**

**For more information:****Investors/Shareholders:**

Mark Williams, Managing Director  
John Tasovac, Chief Financial Officer  
Red 5 Limited  
Telephone: +61 8 9322 4455

**Media:**

Nicholas Read – Read Corporate  
Tel: +61-8 9388 1474

**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.

**Competent Person Statement for Exploration Results**

The information in the report to which this statement is attached that relates to Exploration Results is based upon information compiled by Mr Byron Dumpleton, a Competent Person, who is a Member of the Australian Institute of Geoscientists (membership number 1598). Mr Dumpleton is a full-time employee of Red 5 Limited. Byron 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 Exploration Results, Mineral Resources and Ore reserves'. Byron Dumpleton consents to the inclusion in the report of matters based on his information in the form and context in which it appears. Refer to the announcement titled *"Further strong results from Eastern Goldfields exploration program"* dated 28 May 2018 for the quoted exploration results for the relevant JORC 2012 Table 1's.

**Competent Person Statements for JORC 2012 Mineral Resource and Ore Reserves**

The information in this presentation that relates to the Mineral Resources at the Oval deposit within the Darlot gold mine is extracted from the report titled *"Near-mine exploration success at Darlot lifts Oval deposit to 117,200oz Resource and 72,102oz Ore Reserve"* released on 19 June 2018 and is available on the ASX web-site. Red 5 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcement.



**RED 5 LIMITED**  
**TENEMENT SCHEDULE – 30 JUNE 2018**

WESTERN AUSTRALIA				
Project	Tenement number		Red 5 interest	
<i>Darlot Gold Mine</i>	E36/0865, E37/1247, E37/1268, E37/1269, E37/1296, E37/1297, E37/1298, L37/0109, L37/0110, L37/0118, L37/0206, L37/0207, L37/0223, L37/0224, M37/0155, M37/0252, M37/0373, M37/0417, M37/0418, M37/0419, M37/0420, M37/0584, M37/0592, M37/0608, M37/0667, M37/0774, M37/0775, M37/1217, P37/8698, P37/8699, P37/8700, P37/8701, P37/8716, P37/8788, P37/8789		100%	
	L37/0230, L37/0231		100% (Applications pending)	
	M37/0552, M37/0631, M37/0709, M37/1045		49%	
	M37/0246, M37/0265, M37/0320, M37/0343, M37/0345, M37/0393, M37/0776		83.5%	
	M37/0421, M37/0632		100% with portion of tenements at 49% via agreement	
<i>King of the Hills Gold Project</i>	L37/0211, M37/0021, M37/0067, M37/0076, M37/0090, M37/0179, M37/0201, M37/0222, M37/0248, M37/0330, M37/0394, M37/0407, M37/0410, M37/0416, M37/0429, M37/0449, M37/0451, M37/0457, M37/0496, M37/0529, M37/0544, M37/0547, M37/0548, M37/0551, M37/0570, M37/0571, M37/0572, M37/0573, M37/0574, M37/0905, M37/1050, M37/1051, M37/1081, M37/1105, M37/1165, P37/8391, P37/8392, P37/8393, P37/8394		100%	
<i>Montague Project</i>	M57/429, M57/485, E57/793		25% free carried	
PHILIPPINES				
Project	Tenement number	Registered holder	Equity interest	
			Red 5	Other
<i>Siana Gold Project</i>	MPSA 184-2002-XIII APSA 46-XIII	Greenstone Greenstone	40% 40%	SHIC 60% SHIC 60%
<i>Mapawa gold project</i>	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%

*Interests in mining tenements or farm-in or farm-out agreements acquired or disposed of during the quarter were as follows:*

**WESTERN AUSTRALIA**

Project	Tenement number	Red 5 interest
<b><i>Darlot Gold Mine</i></b>	Applications lodged for E37/1352, E36/0941, E36/0945, P38/1879, L37/0237, L37/0238	100%
<b><i>King of the Hills Gold Project</i></b>	P37/9157, P37/9160, P37/9161	100%

***Abbreviations***

**Tenements (Australia)**

*M: Mining Lease*

*P: Prospecting Licence*

*E: Exploration Licence*

*L: Miscellaneous Licence*

**Tenements (Philippines)**

*MPSA: Mineral Production Sharing Agreement*

*APSA: Application for MPSA*

**Company name**

*Greenstone: Greenstone Resources Corporation*

*SHIC: Surigao Holdings and Investments Corporation*