

17 January 2020

## December 2019 Quarterly Activities Report

*Red 5 delivers production of 23,346oz from its WA gold operations in the December 2019 Quarter and maintains its full year guidance of 110,000oz – 120,000oz;*

*Final Feasibility Study for King of the Hills Project on schedule for completion in the September 2020 Quarter.*

### West Australian Gold Operations

#### Processing and Production

- Gold production for the December 2019 Quarter of 23,346 ounces (September Quarter: 28,649 ounces) and gold sales of 27,740 ounces (September Quarter: 24,924 ounces). All-in sustaining costs (AISC) of A\$1,628 per ounce of gold sold for the Quarter (September Quarter: \$1,476 per ounce).
- Operations were affected by a number of production and mine scheduling delays in the quarter. Notwithstanding the scheduling delays access to several of the high-grade stopes from the Oval West deposit will occur in early January 2020, rather than the December quarter.
- Ore stockpiled from the previous quarter increased by 3,347 ounces to 8,400 ounces.
- Production guidance for the March 2020 Quarter of between 25,000 and 29,000 ounces at an AISC of A\$1,450 – A\$1,585 per ounce.
- Production guidance for FY2020 maintained at 110,000-120,000oz at an AISC of A\$1,350 – A\$1,500 per ounce.

#### King of the Hills (KOTH) Final Feasibility Study (FFS)

- Final Feasibility Study for the stand-alone processing plant and integrated bulk mining operation at KOTH is advancing well and on track for completion in the September 2020 Quarter.

#### Exploration and Resource Development

- Exceptional results from ongoing underground drilling at KOTH, which continues to return broad “whole-of-hole” intercepts including:
  - 253.0m @ 1.1g/t Au (KHRD0265)
  - 62.4m @ 2.9g/t Au (KUGC0067)
  - 56.0m @ 3.5g/t Au (KUGC0068)
  - 69.0m @ 2.2g/t Au (KUGC0070)
  - 101.8m @ 1.3g/t Au (KUGC0071)
  - 50.0m @ 2.6g/t Au (KUGC0072)
  - 111.0m @ 1.2g/t Au (KUGC0076)
  - 107.1m @ 2.0g/t Au (KUGC0077)
  - 104.3m @ 2.0g/t Au (KUGC0152)
  - 61.0m @ 4.8g/t Au (KUGC0153)
- Proof-of-concept Resource extension drilling at KOTH confirms gold mineralisation 500m down-plunge of the current 3.11Moz Resource model, with a broad mineralised intercept of 204.3m @ 1.0g/t Au and higher-grade intercepts of 29.7m @ 2.5g/t Au and 9.6m @ 3.9g/t Au.
- Further outstanding results from assaying of historical drill core at KOTH, with grades of up to 66g/t Au over 2.6m returned from ongoing sampling of previously unassayed core.
- New Resource drilling programs commenced in late December 2019 around the Darlot Gold Mine, with +11,000m of drilling planned to test high-priority gold targets within a 5-50km radius of the Darlot processing plant.

### Finance and Corporate

- Option Agreements signed to purchase the 185koz Cables and Mission gold deposits (see ASX announcement 2 December 2019), 10km from the Darlot mill, and the 62koz Great Western gold deposit (see ASX announcement 11 November 2019), 80km from the Darlot mill, subject to due diligence.
- Group cash on hand and bullion at the end of December 2019 of A\$26.6 million. The closing cash balance reflected lower than expected gold production, combined with completion of construction of Tailing Storage Facility 4 (TSF4), expenditure on advancing project related development activities and payment to Gold Fields Limited of the deferred consideration for the Darlot Project of \$5.0 million. Further details are outlined on page 15 , quarterly cash position.

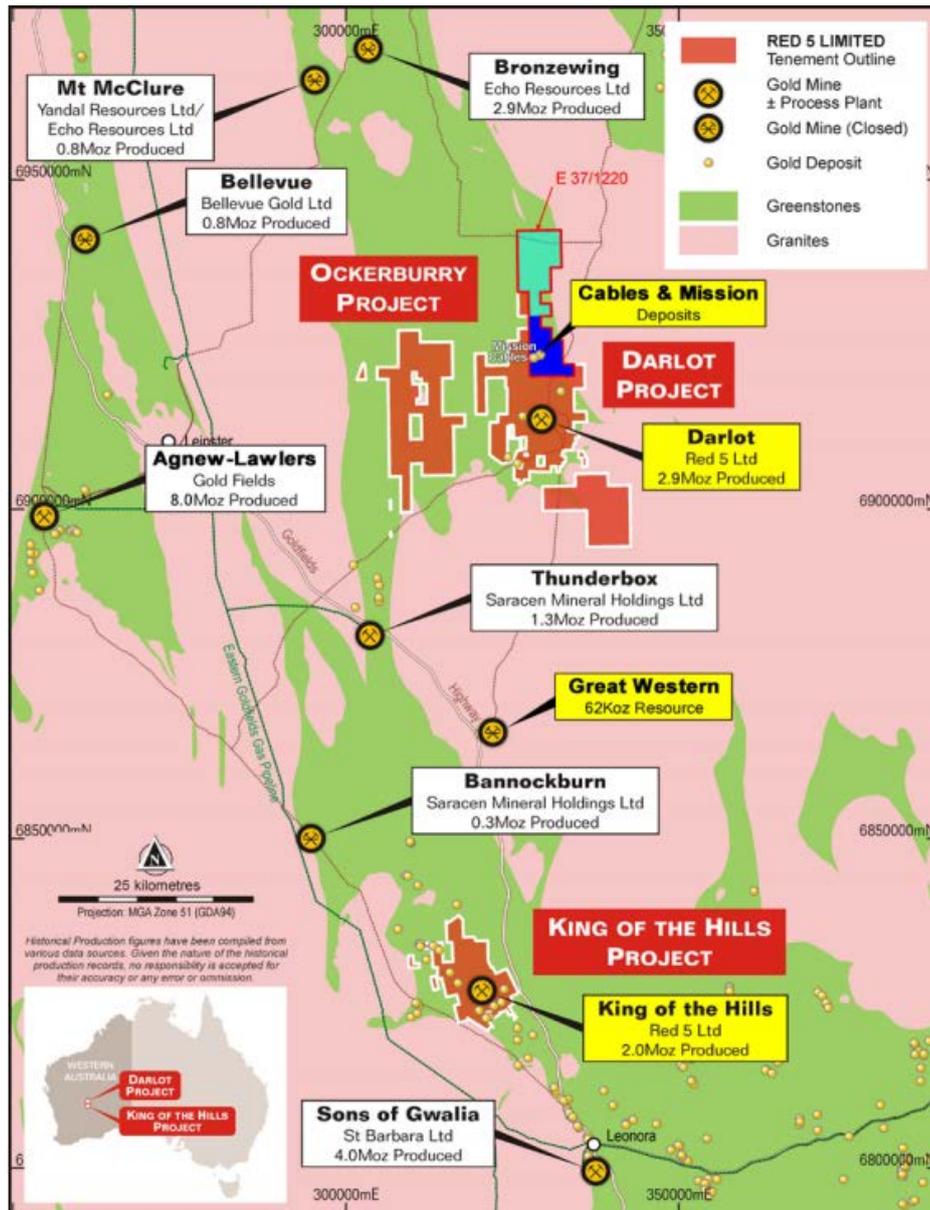


Figure 1: Darlot and KOTH locations, showing historical production from key gold deposits in the region.

Red 5 Managing Director, Mark Williams, said:

*“While gold production for the December 2019 Quarter from our Darlot and King of the Hills mining operations was impacted by a number of production and mine scheduling delays, the Company remains on track to achieve its full year guidance of 110,000-120,000oz at an AISC of A\$1,350 – A\$1,500 per ounce.*

*“We continue to make good progress towards the delivery of a Final Feasibility Study for a bulk mining and processing operation at King of the Hills, with a significant increase in the number of activities underway on site throughout the reporting period.*

*“Key contracts have been awarded for the underground and open pit mining studies, with geotechnical and metallurgical test work programs also underway. Based on the work completed to date, we remain on-track to deliver the FFS in the September Quarter of this year.*

*“Ongoing exploration and Resource development programs at King of the Hills also delivered positive results, with drilling delivering additional broad mineralised intercepts, including several ‘proof-of-concept’ holes that have confirmed the presence of gold mineralisation more than 500 metres down-plunge of the current 3.11 million ounce Resource area.*

*“This has exciting implications for the longer-term growth potential at King of the Hills, beyond the Feasibility Study currently underway on the existing Resource and Reserve base.*

*“In addition, we have also secured two low-risk opportunities to potentially increase our Resource base in the area surrounding the Darlot processing plant, with Option Agreements signed over the Cables & Mission and Great Western Gold deposits, both located within trucking distance of Darlot.*

*“Subject to the completion of successful due diligence, the acquisition of these nearby gold deposits offers the opportunity to secure new sources of ore feed for the Darlot mill, complementing our Darlot Mining Hub Strategy which has also recently seen us commence over 11,000m of planned new drilling programs targeting resource growth and exploration success within a 5-50km radius of the Darlot processing hub,” he said.*

## WEST AUSTRALIAN GOLD OPERATIONS

### Production Summary

A total of 23,346 ounces of gold was recovered for the December 2019 Quarter (September Quarter: 28,649 ounces) with ore sourced from the Darlot and the KOTH underground mines. AISC was A\$1,628 per ounce (inclusive of KOTH mine development costs).

Table 1: Key Production Metrics

	Units	December 2019 Quarter	September 2019 Quarter
Mined tonnes	t	278,759	263,820
Mined grade	g/t	3.25	4.04
Tonnes milled	t	248,046	229,033
Average head grade	g/t	3.15	4.17
Recovery	%	93.0	93.4
Gold recovered	oz	23,346	28,649
Gold sales	oz	27,740	24,924
All-in sustaining costs	A\$/oz	\$1,628	\$1,476

## PROCESSING

### Darlot Mill

Crusher and mill availabilities were 52% and 95% respectively during the Quarter. A total of 248,046 tonnes of ore were milled at a throughput of 118 dry tph (tonnes per hour). October 2019 milled tonnes were just under 90,000 tonnes which was a record month for the Darlot processing department.

Construction of Tailings Storage Facility 4 (TSF4) was completed during the December 2019 Quarter. This major capital project was completed six weeks ahead of schedule and approximately A\$0.5 million below budget.

Gravity optimisation included the design and installation of a screen to feed the Knelson concentrator to minimise wear and optimise its operating efficiency. Commissioning of the new screen is expected to be completed in the March Quarter 2020.

## **DARLOT GOLD MINE**

### **Mining Activities**

The high-grade Oval West deposit continued as a valuable ore source from the Darlot Gold Mine during the December 2019 Quarter, however due to mine sequencing delays access to several of the higher-grade stopes planned for the Quarter were delayed into early January 2020.

Airleg production for the December 2019 Quarter delivered steady state production from the Pederson 1310, 1320 and 1275 stopes. Additional production was also achieved in the Metzke 1255 and Federation 1140 stopes with favourable mineralisation and further increasing Airleg mining activities at Darlot.

Rehabilitation continued to advance remnant mining opportunities in the Thomson orebody with power upgrades completed in October 2019. Vertical capital development in the Burswood orebody was completed in November 2019, with internal ore pass and escape-ways completing the set-up. Works are currently underway establishing the orepass setup for tipping arrangements and shortening the tramming distance from the upper levels of the Burswood to the main draw points.

## **KING OF THE HILLS**

### **Mining Activities**

The December 2019 quarter was another good quarter for King of the Hills with the expansion of underground bulk mining progressing well and as planned. The quarter saw the completion of capital infrastructure required for the W4920 level ahead of schedule. The W4920 is the first level at King of the Hills designed specifically for bulk stoping. This allowed the operation to bring forward bulk stoping on this level by approximately one month. The operation achieved record production tonnes for the quarter.

This was the first full quarter remotoring with the R2900 loader. The mining contractor also took delivery of two new Volvo A45G trucks following Darlot's positive experience, which have significantly improved availability of the fleet. Bringing the W4920 forward by a month allowed 14,000 tonnes at 4.2g/t to be mined from the first bulk stope in December 2019. The level is planned to continue to ramp up over the coming quarter. With production online, development focus moved to setting up the next stope block where face grades from well advanced development have been extremely positive averaging 6.7g/t.

Airleg operations continued to play an important role for the operation with a number of high-value regions commencing in the quarter. The Imperial South reef currently being mined has returned face assays of up to 350-gram metres of gold and reconciled at 14g/t in December 2019.

The quarter saw mining of the W4954 B1 stope completed which was the second bulk stope mined since mining recommenced and is the largest mined at King of the Hills to date. The stope performed well with the crown breaking to a stable shape, and minor and expected underbreak in the shoulders and corners of the stope. The mining team has captured significant insight into the ground conditions from this stope which has improved the production efficiency and is expected to result in better recovery and less unplanned dilution in the future.

## FEASIBILITY STUDIES - KING OF THE HILLS

The Final Feasibility Study (FFS) for the proposed stand-alone integrated bulk open pit and underground mining and processing operation at KOTH is progressing on schedule for completion in the September 2020 Quarter, with multiple work streams currently underway.

### Key activities currently being progressed

#### 1. General Site Arrangement

GR Engineering Services has been engaged to design the infrastructure for the KOTH Project including the process plant, accommodation village, workshops and administration facilities. Initial proposals for the infrastructure layout, including accommodation village, 4Mtpa process plant and Tailings Storage Facility 6 (TSF6) are currently under review and shown in Figure 2.



*Figure 2: Preliminary layout showing key site infrastructure.*

#### 2. Underground

As previously reported, the Resource base below the current KOTH open pit shell of 17.5Mt at 2.0g/t Au for 1.11Moz of contained gold (see ASX announcement 20 May 2019) presents a key underground mine extension opportunity for the project.

Entech has been awarded the contract for the underground mining study, commencing in mid-December 2019, and will work closely with SRK Consulting to ensure the interactions between the concurrently operating underground and open pit operations are well understood.

Meanwhile, bulk underground mining continues, utilising Pit N Portal mining contractors, under the current 'Truck to Darlot' business model. This experience and knowledge is invaluable, assisting with testing the Resource model, development of stoping parameters, crushing and milling parameters, mine schedules and underground mining costs for the FFS based on actual mining inputs – all of which increases the confidence levels of the Study.

### **3. Surface Resource drilling**

The Open Pit design developed by SRK during the KOTH PFS will be further refined during the current FFS. The outcomes of the PFS mine design have allowed Red 5 to plan a targeted in-fill drilling program on the western crest of the KOTH open pit to evaluate the potential of Resource extension and assist further pit optimisation works.

Drilling company Precision Exploration Drilling (PXD) commenced work on this in-fill program in November 2019, with 36 RC drill holes for 7,568m completed to date.

In-fill drilling at the highly prospective Cerebus, Eclipse and Centauri deposits to the north-west of the KOTH open pit is currently in progress with drilling contractor PXD. This program is scheduled for completion in late January 2020. Sterilisation drilling of all infrastructure areas, including TSF6, has also been planned and PXD has been contracted to undertake this program in the first quarter of CY2020.

### **4. Open Pit**

Following the completion of the Open Pit PFS, SRK Consulting has been awarded the contract for the FFS open pit mining study, which is scheduled for completion by mid-CY2020. SRK will further refine and optimise the KOTH and Rainbow open pit schedule and designs, while also developing plans for additional satellite deposits.

Red 5 has commenced early discussions with several experienced mining contractors with a view to a future tender process for the KOTH open pit mining requirements.

### **5. Geotechnical drilling**

DDH1 Drilling has been awarded the contract to drill 12 diamond drill holes around the pit wall areas of the KOTH open pit and satellite deposits, for the purpose of geotechnical evaluation and development of input parameters for mine designs that provide confidence in pit wall stability.

Concurrently, they will drill approximately 14 geotechnical drill holes around the proposed Process Plant and TSF5 and TSF6 areas. This program commenced in mid-November 2019 and will be completed by early January 2020.

Peter O'Bryan & Associates, which has a long history with the KOTH mine, has been engaged to provide geotechnical core logging services and specialist advice.

### **6. Metallurgy**

The metallurgical properties of KOTH ore are well understood given the long history of processing. To complement the existing dataset, further metallurgical testing is being conducted on core and RC rock chips from strategically located drill holes in each mining area. GR Engineering Services will utilise this metallurgical information to optimise the processing plant design.

Work has commenced with GR Engineering to review the potential for an ore sorter into the proposed plant design for the KOTH feasibility study, if required.

### **7. Hydro-geological and hydrological studies**

Building on a significant historical database from previous owners, consultancy Big Dog Hydrogeology is supporting Red 5 in evaluating groundwater impacts on the mine and meeting the water supply requirements of the proposed 4Mtpa CIL Processing Plant and general operations. Previous owners successfully operated a 3.7Mtpa mill, giving Red 5 a high level of confidence in the capacity of the local bore fields and pit dewatering to meet demand. In addition, the existing Vibrating Wire Piezometer (VWP) network around the KOTH pit is being extended.

## **8. Fauna and Flora**

Flora (Mattiske Consulting Pty Ltd) and fauna (Terrestrial Ecosystems) surveys have commenced in areas where new disturbance is expected. Satellite pits and associated haulage routes, TSF6, waste dumps and the accommodation village require mapping. To date, no rare or endangered species have been identified as being impacted by the planned KOTH project.

## **9. Waste Characterisation and Soil Mapping**

MBS Environmental are supporting site staff in collecting samples for waste rock characterisation. The focus of these studies is in validating historical mining data that indicates there are no risks associated with potentially acid forming materials or deleterious elements. Mine planning will utilise these studies in tailoring the mine design to minimise the impact of the future operations wherever feasible.

## **10. Cultural Heritage**

Local Traditional Owners have been consulted and involved in a recently completed anthropological survey. Information derived from this consultation and survey work will be integrated into the mine design to maximise protection of areas and features of importance to the traditional owners. Consultants Daniel Le Gand and Waru Consulting have been engaged to conduct the cultural heritage studies.

## **11. Environmental Approvals**

MBS Environmental has been engaged to provide an Approvals Strategy and Plan to de-risk the permitting process. All approvals requirements will be identified and scheduled to minimise the risk of potential delays.

## **12. Tailings Storage Facilities (TSF)**

Tailings deposition during the initial 10-year LOM will commence in the existing TSF4 for a period of approximately one year, before transferring to the already substantially complete TSF5, which will have approximately five years' life.

Knight Piésold has previously been involved with TSF design for the project and has prepared a preliminary design for TSF6, which will provide capacity for LOM tails (approximately 20Mt) after TSF5 is filled and is expandable to 30Mt (Figure 2). On-site works managed by Knight Piésold including test pits and geotechnical core drilling are currently underway and are expected to be completed before the end of 2019.

## **EXPLORATION AND RESOURCE DEVELOPMENT**

### **DARLOT**

Underground exploration for the quarter was focused on the Lords Felsics orebody, situated along the moderately northwest dipping Lords Fault which hosts the Lords South and Lords South Lower orebodies up-dip. The Lords Felsics orebody consists of flat lying extensional veins hosted in both magnetic dolerite and felsic porphyry intrusives within dolerite. The veins occur as tensional lodes between the Lords and parallel Pipeline Fault that was identified with 3D seismic data. Drilling successfully extended the high-grade central corridor of the orebody to the north and south as well as down-dip along the Lords Fault. The Lords Felsics orebody is still open to the north, south and down-dip along both the Pipeline and Lords Faults.

Detailed structural interpretation of 3D seismic data was completed this quarter that has allowed for the generation of a new, more complex structural model for the near mine and greater Darlot region. Multiple new underground and surface targets have been generated.

In addition, an important new program of exploration and resource drilling commenced in late December 2019 to test a series of priority gold targets located within an economic trucking radius of Darlot. The program will test gold targets located at the Cables and Mission and Great Western gold deposits which are both subject to recent Option Agreements (see Corporate section below), the Taranaki Trend, the Ockerburry Project and the Darlot Project tenements (Figure 1).

Key deliverables from the drilling program include:

- a. Confirmation of historical drill results at the Great Western and Cables and Mission deposits;
- b. Confirmation of the extensional potential along the Cables and Mission trends;
- c. Identification of source and controls of gold mineralisation along the 4km long, 500m wide Dingo Ridge gold trend at Ockerburry; and
- d. Testing the mineralisation potential at the Gipps Hill and Janine prospects along the Taranaki Fault corridor, which also hosts the Cable and Mission deposits.

## KING OF THE HILLS

### Underground Drilling Program

During the Quarter, Red 5 reported additional assay results from ongoing underground diamond drilling. A second and third underground rig commenced on site during the September 2019 Quarter to continue the Resource development program and target the potential for mineralisation within a shallow-plunging zone at the northern end of the granodiorite. The arrival of these additional rigs has brought the expected total underground drilling for FY2020 to 85,000m.

The 85,000m program is aimed at:

1. Converting as much of the existing underground Resource into Reserves as possible for the FFS;
2. Reassessing the final pit shape (ie determine whether more of the underground be included in the pit due to grade uplift in both the South and North); and
3. Extending the underground Resource along strike and down dip.

KOTH has a current Mineral Resource totalling 3.1 million ounces of contained gold (see ASX announcement 20 May 2019), with the Resource model based on assays received up to 14 February 2019. The underground Resource included 500Koz in Indicated, suitable for estimating Reserves, and 610Koz in the Inferred category, which must be infilled to Indicated status before Reserves can be estimated.

Since completion of the 3.1Moz Mineral Resource estimate in May 2019, additional broad zones of mineralisation have been intersected at KOTH, with many holes returning 'whole-of-hole' average grades of >1.0g/t Au within the open pit design outlined in the KOTH Bulk Open Pit Pre-Feasibility Study (PFS) announced on 1 August 2019. These results confirm and further define the geology and mineralisation within the PFS open pit design.

Best 'whole-of-hole' results<sup>1</sup> include:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| ○ 95.7m @ 1.1g/t Au (KHRD0262)  | ○ 108.0m @ 1.4g/t Au (KUGC0121) |
| ○ 253.0m @ 1.1g/t Au (KHRD0265) | ○ 92.0m @ 1.1g/t Au (KUGC0122)  |
| ○ 183.1m @ 1.0g/t Au (KUGC0059) | ○ 71.4m @ 1.0g/t Au (KUGC0126)  |
| ○ 62.4m @ 2.9g/t Au (KUGC0067)  | ○ 146.2m @ 1.0g/t Au (KUGC0132) |
| ○ 56.0m @ 3.5g/t Au (KUGC0068)  | ○ 58.0m @ 2.2g/t Au (KUGC0138)  |
| ○ 69.0m @ 2.2g/t Au (KUGC0070)  | ○ 116.6m @ 1.2g/t Au (KUGC0139) |
| ○ 101.8m @ 1.3g/t Au (KUGC0071) | ○ 51.0m @ 1.6g/t Au (KUGC0140)  |
| ○ 50.0m @ 2.6g/t Au (KUGC0072)  | ○ 44.4m @ 1.2g/t Au (KUGC0141)  |
| ○ 111.0m @ 1.2g/t Au (KUGC0076) | ○ 146.6m @ 1.1g/t Au (KUGC0144) |
| ○ 107.1m @ 2.0g/t Au (KUGC0077) | ○ 170.5m @ 1.4g/t Au (KUGC0146) |
| ○ 78.0m @ 1.7g/t Au (KUGC0102)  | ○ 104.3m @ 2.0g/t Au (KUGC0152) |
| ○ 71.7m @ 1.3g/t Au (KUGC0103)  | ○ 61.0m @ 4.8g/t Au (KUGC0153)  |

<sup>1</sup> Entire drill hole composited. No top-cut applied. Refer to ASX Announcement dated 8 November 2019 for complete list of significant intercepts above 1.0 g/t Au, and summary information, drill-hole collar locations, orientations, significant assays, and reporting parameters used. Intercept lengths are reported as 'down-hole' lengths, not true widths. Hole-of-whole calculations include internal zones of material < 1.0 g/t Au for significant intervals greater than 16.1m.

In the Figure below, the red circles highlight specific exploration themes.

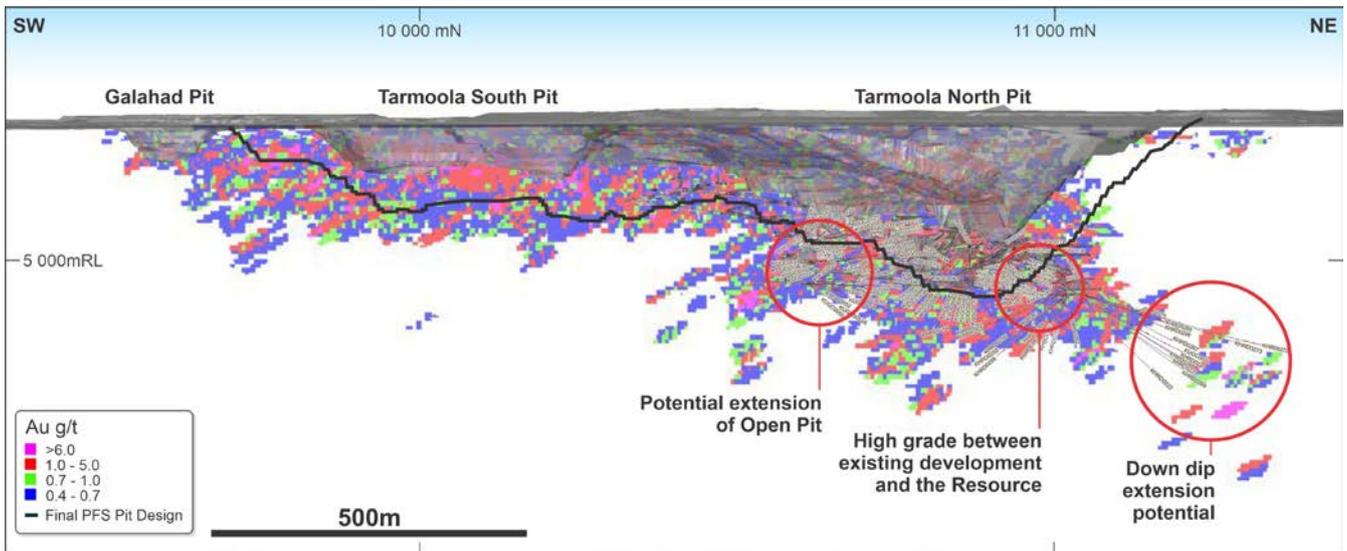


Figure 3: Longitudinal Projection of the KOTH resource model and Tarmoola open pit, looking orthogonal to strike, showing the drill traces of which, the assay results are included in this report.

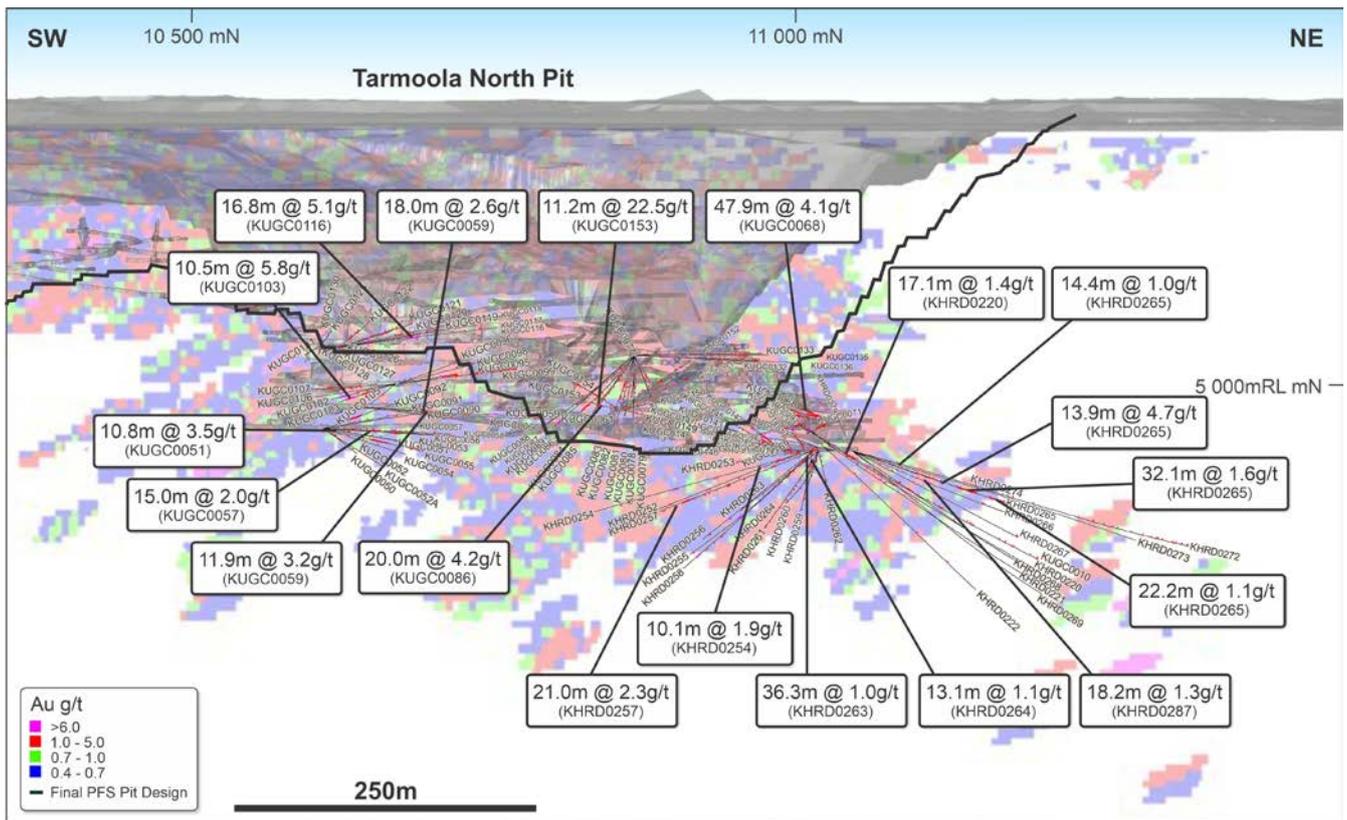
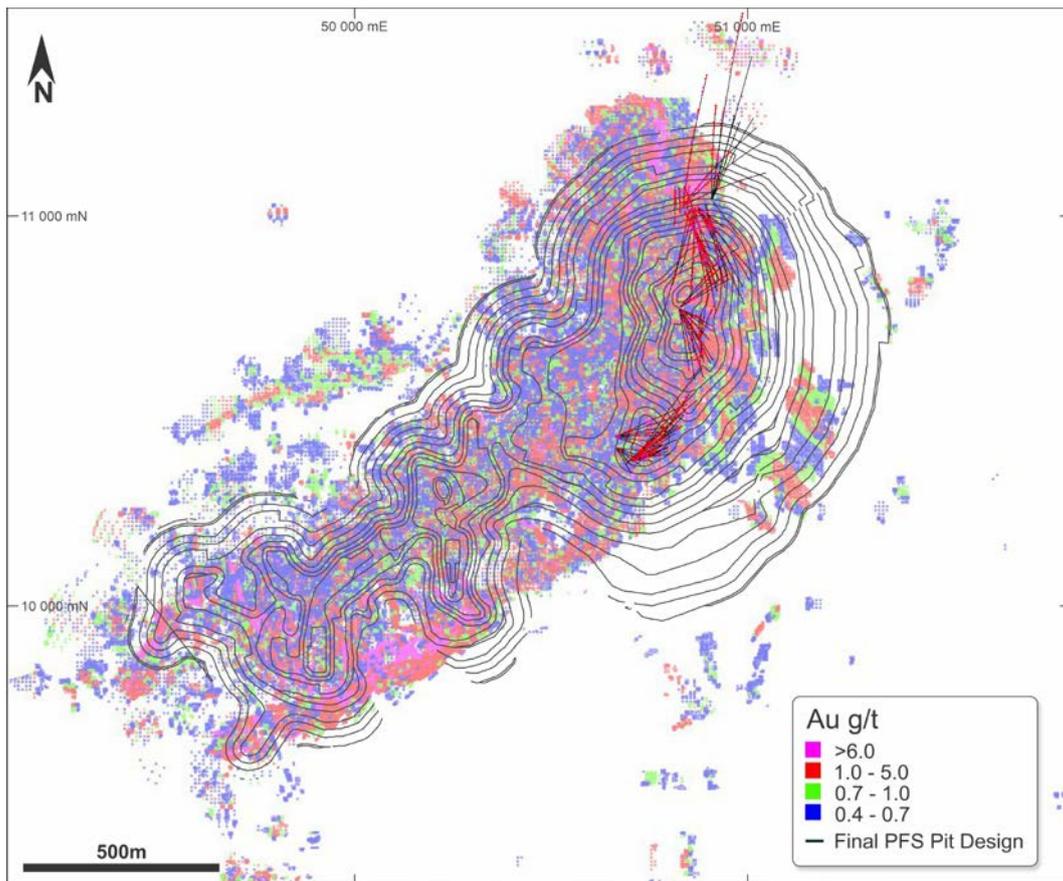


Figure 4: Close up Longitudinal Projection of the KOTH resource model and Tarmoola open pit showing some of the key assay results reported, looking orthogonal to strike, showing the drill traces of which, the assay results are included in this report. The intercept highlights in the diagram are the intercepts that occur outside the current May 2019 release resource model.



**Figure 5:** Planview projection of the KOTH resource model and Tarmoola open pit, showing the drill traces of which, the assay results are included in this report. The intercept highlights in the diagram are the intercepts that occur outside the current May 2019 release resource model.

### Potential to deepen the existing open pit

There may be potential to deepen the open pit on current economics in the central area west of the area around what is known as the Eastern Flank. Intersections below the planned open pit are shown in the table below.

Hole ID	From m	To m	Width m	Au g/t	Gram Metres
KUGC0092	36.5	56.0	19.5	1.51	29.4
KUGC0095	50.0	68.6	18.6	2.14	39.8
KUGC0099	85.5	142.0	56.6	1.06	59.9

### Confirmation of Resource model

These holes outlined in the table below encountered significant grade and widths confirming the Resource model with drilling down dip of these holes (KHRD0255, KHRD0256, KHRD0258 and KHRD0264) showing mineralisation outside the reported Resource model with proportion of the model where the drilling has intersected currently reported as Inferred.

Hole ID	From m	To m	Width m	Au g/t	Gram Metres
KUGC0118	0.0	7.6	7.6	2.20	16.6
KUGC0120	0.0	12.0	12.0	2.24	26.9
KUGC0143	0.8	13.2	12.4	2.85	35.4
KUGC0144	0.9	16.0	15.1	1.90	28.6
KUGC0145	0.7	15.8	15.1	2.10	31.7
KUGC0146	0.9	23.0	22.1	3.10	68.5

### Extensional drilling to the north of the existing open pit

Hole ID	From m	To m	Width m	Au g/t	Gram Metres
KHRD0265	77.6	92.0	14.4	1.00	14.5
KHRD0265	108.7	122.6	13.9	4.69	65.1
KHRD0265	129.1	136.2	7.1	1.78	12.6
KHRD0265	173.9	206.0	32.1	1.64	52.8
KHRD0265	226.8	249.0	22.2	1.06	23.4

### In-filling below and adjacent to Lemonwood Bulk Stope

In addition, Resource extension drilling targeting mineralisation along strike from and below the successful Lemonwood bulk stope (see ASX announcement 4 December 2018), demonstrating the potential to continue with bulk underground stoping. Bulk assay composites include<sup>2</sup>:

- 62.0m @ 2.5g/t Au (KHRD0252)
- 70.0m @ 1.4g/t Au (KHRD0261)
- 62.4m @ 2.8g/t Au (KUGC0067)
- 56.0m @ 3.5g/t Au (KUGC0068)
- 69.0m @ 2.2g/t Au (KUGC0070)
- 50.0m @ 2.6g/t Au (KUGC0072)

<sup>2</sup> No top-cut applied. Refer to ASX Announcement dated 8 November 2019 for summary information, drill-hole collar locations, orientations. Intercept lengths are reported as 'down-hole' lengths, not true widths. Bulk composite calculations include zones with up to 16.1m with material less 1.0 g/t.

Outlined below are single-hole assay returns from the above listed holes from the Lemonwood area<sup>3</sup>:

- 1.0m @ 16.8g/t Au (KHRD0252)
- 1.0m @ 19.3g/t Au (KHRD0261)
- 1.0m @ 38.3g/t Au (KHRD0261)
- 1.0m @ 59.1g/t Au (KHRD0286)
- 1.0m @ 17.4g/t Au (KHRD0272)
- 0.3m @ 129g/t Au (KUGC0067)
- 0.3m @ 128.5g/t Au (KUGC0067)
- 0.2m @ 430g/t Au (KUGC0068)
- 0.2m @ 235g/t Au (KUGC0068)
- 0.6m @ 66.4g/t Au (KUGC0070)
- 0.6m @ 45.7g/t Au (KUGC0070)
- 1.0m @ 44.7g/t Au (KUGC0071)
- 0.7m @ 108.0g/t Au (KUGC0072)

<sup>3</sup> No top-cut applied. Refer to ASX Announcement dated 8 November 2019 for summary information, drill-hole collar locations, orientations. Intercept lengths are reported as 'down-hole' lengths, not true widths.

### "Proof of concept" Resource extension drilling

A three-hole "proof of concept" drill program was completed during the Quarter to follow-up the mineralisation identified in historical drill holes (TARD series – see below) targeting extensions down plunge to the north of the current 3.11Moz Resource model at KOTH.

The first hole in the program, KHRD0278, returned assays of 16.0m @ 1.2g/t Au from 204.0m (including 0.2m @ 29.6g/t Au) and 15.0m @ 1.0g/t Au from 407.0m (including 0.2m @ 29.6g/t Au), with seven assays reported above 10g/t Au (see ASX announcement 17 October 2019).

The second hole, KHRD0352, returned results over 500m down plunge of the current Resource model, with broad mineralised intercepts including:

- 204.3m @ 1.0g/t Au (185.1m-389.4m), including 1.8m @ 5.9g/t Au (inside Resource model from 185.1m to approximately 341m, with the remainder outside)
- 77.0m @ 1.0g/t Au (536.0m-613.0m), including 2.5m @ 6.2g/t Au, (outside Resource model)
- 10.4m @ 2.4g/t Au (707.1m-717.5m), including 0.9m @ 22.6g/t Au (outside Resource model)

In addition, the hole also delivered higher-grade intercepts including:

- 29.7m @ 2.5g/t Au (201.2m-230.9m), incl. 10.8m @ 5.78g/t Au (inside the current Inferred Resource)
- 36.1m @ 2.0g/t Au (329.9m-366.0m), incl. 6.7m @ 2.58g/t Au (outside the Resource model)
- 21.8m @ 2.2g/t Au (591.4m-601.0m), incl. 9.6m @ 3.93g/t Au (outside the Resource model)
- 15.5m @ 1.3g/t Au (609.5m-619.0m), incl. 9.5m @ 1.98g/t Au (outside the Resource model)
- 10.4m @ 2.4g/t Au (707.1m-717.5m), incl. 0.9m @ 22.60g/t Au, (outside Resource model)

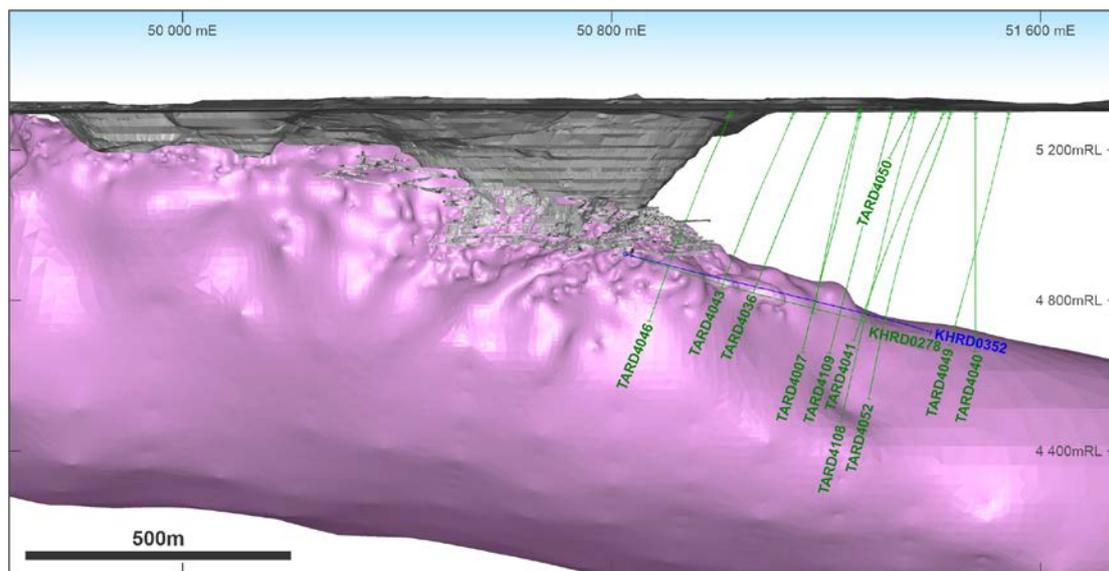
Full details of Hole KHRD0352 were provided in the Company's ASX announcement dated 18 December 2019.

The last hole in the program, KHRD0320, has been completed with assays pending.

The results received to date further enhance the potential to extend the Resource area at KOTH and highlight the northerly plunge of the granodiorite intrusive margins as a compelling Resource extension target.

Follow-up drilling will continue to focus on this area, with the aim of further defining the area between the historical TARD series of surface holes and Red 5's successful 'down the nose' proof-of-concept holes.

Details of the historical TARD series of drill holes was provided in the Company's ASX announcements dated 17 October 2019 and 18 December 2019.



**Figure 6:** Long section through looking west, displaying drill trace of KHRD0352 (blue) and the previously announced hole KHRD0278 relative to the underground workings (grey), historical TARD holes (green) and granodiorite (pink).

### Assaying of historical drill core

Red 5 holds a large inventory of drill core from KOTH that was not sampled by previous owners. Since the start of the historical core sampling program, a total of 19,440 samples for 17,047 metres of previously non-assayed core have been completed.

The ongoing assaying of this historical diamond drill core is continuing to confirm the presence of significant gold mineralisation.

For the current 3.1Moz bulk mineral Resource estimate, a total of 3,750m of the historical unassayed core was used. Since the close-off date (14 February 2019) of the data used for the current Resource estimate (announced 20 May 2019), Red 5 has reported assay results from a further 14,868 samples totalling 13,297m collected from 219 drill holes. These assays are located within the current Resource area but were not available to be used in the current Resource estimate.

Of the results reported during the December Quarter, 2,753 samples assayed >0.3g/t Au, 559 samples assayed >1.0g/t Au, and 55 samples assayed >10g/t Au.

These results are considered significant, as all unassayed intervals of core have been assigned zero grade within the current Resource model. From the total historical material assayed since 14 February 2019 (database cut-off for the May 2019 model release), 3.8% of the assays equal or exceed 1.0g/t Au and 12.5% of the assays equal or exceed 0.4g/t Au.

Key highlights<sup>1</sup> of the results reported during the December Quarter include:

- 3.0m @ 13.3g/t Au (KUD00024)
- 1.4m @ 30g/t Au (KUD00059)
- 16.0m @ 2.6g/t Au (KUD00138)
- 7.0m @ 5.0g/t Au (KUD00153)
- 3.0m @ 16.8g/t Au (KUD00175)
- 15.4m @ 2.6g/t Au (KUD00182)
- 2.8m @ 14.4g/t Au (KUD00183)
- 1.0m @ 39.9g/t Au (KUD00184)
- 14.1m @ 5.2g/t Au (KUD00186)
- 10.0m @ 3.6g/t Au (KUD00224)
- 4.5m @ 7.6g/t Au (KUD00225)
- 7.2m @ 6.0g/t Au (KUD00226)
- 6.6m @ 6.2g/t Au (KUD00228)
- 18.0m @ 1.8g/t Au (KUD00234)
- 2.6m @ 66g/t Au (KUD00239)
- 8.0m @ 5.8g/t Au (KUD00485)
- 7.2m @ 4.6g/t Au (KUD00562)

<sup>1</sup> Note: No top-cut applied. Refer to ASX Announcement dated 29 October 2019 for summary information, drill-hole collar locations, orientations, significant assays, and reporting parameters used. Intercept lengths are reported as 'down-hole' lengths, not true widths

The increased percentage of mineralised material that was previously assigned effectively a zero grade, which will be used in the next Resource estimate, may not result in an improved grade but may potentially provide an overall increase in tonnes and contained ounces.

Approximately 12,600 metres of additional historical drill core is currently being re-logged and marked up for sampling, with assay results expected during the March 2020 Quarter.

#### **SIANA GOLD PROJECT, PHILIPPINES**

Red 5's Philippine-affiliated company, Greenstone Resources Corporation, is continuing to evaluate its preferred plan and options for the Siana Gold Project, including a revised mining strategy for the Siana open pit mine and required funding for the potential future recommencement of operations. An important part of these considerations will be the current Philippine Government's mining policy.

While mining operations remain suspended at Siana, ongoing activities at the site include dewatering of the open pit, infrastructure maintenance and geotechnical monitoring.

## CORPORATE AND FINANCIAL

### Option Agreement to acquire the Cables and Mission gold deposits

During the Quarter, Red 5's entered into an Option and Sub-lease Agreement (Agreement) for the right to acquire a sub-lease over the 13 blocks of Exploration Licence E37/1220 (Sub-lease Area) south of latitude - 27°45', which hosts the Cables and Missions gold deposits.

The Agreement entitles Red 5 to conduct due diligence and drilling activities within the Sub-lease Area to determine the potential of the Cables and Mission deposits to be upgraded to Indicated ± Measured Resource status, and to be mined and trucked to the Company's Darlot processing plant, located approximately 10km to the south (Figure 1).

Should the due diligence programme be completed to Red 5's satisfaction and the option exercised, Red 5 intends to conduct drilling programs and other activities to produce a JORC 2012 compliant Resource as quickly as possible.

The Cables and Mission deposits are hosted within similar rock units, including magnetic dolerite, that host the Centenary orebody 10km to the south, which is the mainstay of Darlot's current underground mining operations. These magnetic dolerite units are an important host rock in the Darlot mine area and have historically produced high gold grades with good recoveries (typically >93%) through the Darlot processing plant.

### Option Agreement to acquire the Great Western gold deposit

During the Quarter, Red 5 entered into an Option Agreement with Terrain Minerals Ltd (ASX: TMX) for the right to purchase a 100% interest in Mining Lease M37/54, containing the Great Western gold deposit.

The Option Agreement provides for an exclusive option period of five months and entitles Red 5 to conduct due diligence and drilling activities within the Great Western Mining Lease M37/54 to determine the suitability of the Great Western deposit to be mined and trucked to the Company's Darlot processing plant, located approximately 80km by road to the north (Figure 1).

### Quarterly Cash Position Reconciliation

The Company continues to produce positive cash inflows from operations. Red 5 remains committed to its growth strategy of exploration and development programs, being primarily funded from operational cash flows.

**Table 2: Quarterly Cash Position**

	<b>\$M</b>
<b>Cash and Bullion - 30 September 2019</b>	<b>40.1</b>
Sales receipts net of hedging	49.1
Operating costs including royalties	(38.1)
<b>Free cash flow from operations</b>	<b>11.0</b>
Sustaining capital expenditure	(6.7)
Development, exploration and evaluation expenditure (including KOTH Feasibility Study)	(8.1)
Payment to acquire Great Western gold deposit option	(0.3)
Business development activities	(0.8)
<b>Cash used in development activities</b>	<b>(15.8)</b>
Deferred consideration paid to Gold Fields for Darlot project	(5.0)
Corporate overheads	(1.8)

Siana – maintenance and holding costs	(1.6)
Interest payments and FX movements	(0.3)
<b>Other expenditure and deferred consideration</b>	<b>(8.8)</b>
<b>Total cash and bullion decrease</b>	<b>(13.6)</b>
<b>CASH AND BULLION - 31 December 2019</b>	<b>26.6</b>

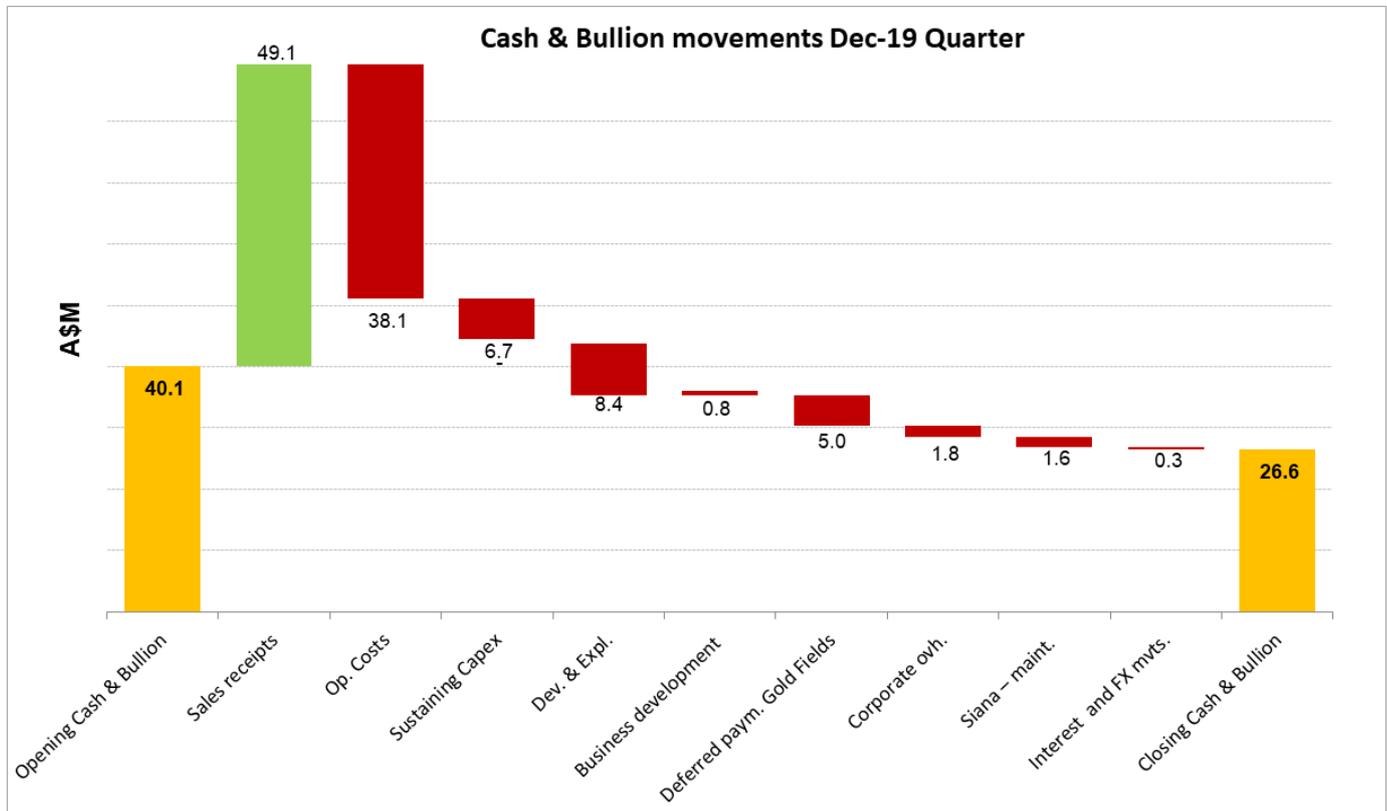


Figure 7: Cashflow Waterfall Chart.

The primary driver for the closing cash and bullions position was the lower than expected production in the December 2019 Quarter and decrease in bullion on hand at 31 December 2019.

All-in sustaining costs in the December Quarter was A\$1,628/oz and were impacted by:

1. Construction costs of TSF4 at Darlot, which contributed to the increase in sustaining capital. TSF4 was completed under budget ahead of schedule during the quarter;
2. Business Development activities;
3. Development, exploration and evaluation expenditure includes the accelerated drilling program at KOTH together with the stope definition drilling for both current and future operations.

During the December 2019 quarter, Red 5 also completed payment of the \$5.0 million deferred consideration to Gold Fields Limited pursuant to the October 2017 acquisition agreement for the Darlot gold mine. The payment to Gold Fields finalises all obligations of Red 5 to Gold Fields under the acquisition agreement for Darlot.

### Hedging

During the December 2019 quarter, the Company delivered 16,000 ounces into its hedging contracts at a weighted average price of \$1,843 per ounce. Going forward, the Company will benefit from a higher hedged price of \$2,095 per ounce.

At 31 December 2019, the Company's hedge position was 81,000 ounces, to be delivered from January 2020 to June 2021 at an average gold price of \$2,095 per ounce.

**Table 3: Current Hedge Position**

Financial Year	Quarter	Quarterly Ounces	Weighted Av. Price A\$/oz
<b>2020</b>	March-20	10,000	2,095
	June-20	12,000	2,095
	<b>Sub-Total</b>	<b>22,000</b>	<b>2,095</b>
<b>2021</b>	September-20	14,000	2,095
	December-20	14,000	2,095
	March-21	14,500	2,095
	June-21	16,500	2,095
	<b>Sub-Total</b>	<b>59,000</b>	<b>2,095</b>
	<b>TOTAL</b>	<b>81,000</b>	<b>2,095</b>

### Production Guidance and Outlook

Gold recovered for FY2020 is expected to be in the range of 110,000-120,000oz at an all-in sustaining cost of A\$1,350 – A\$1,500 per ounce.

Production for the March 2020 Quarter is expected to be in the range of between 25,000 ounces and 29,000 ounces at an all-in sustaining cost of A\$1,450 – A\$1,585 per ounce.

Ongoing operational and cost efficiency programs are continuing, aimed at reducing operating costs.

**ENDS**

### For more information:

#### Investors/Shareholders:

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John Tasovac, Chief Financial Officer  
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Read Corporate  
Telephone: +61-8 9388 1406

### 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. Mr 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'. Mr Dumpleton consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

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

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 announcements 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 announcements.

### **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.

**RED 5 LIMITED**  
**TENEMENT SCHEDULE – 31 DECEMBER 2019**

<b>WESTERN AUSTRALIA</b>		
<b>Project</b>	<b>Tenement number</b>	<b>Red 5 interest</b>
<b><i>Darlot Gold Mine</i></b>	E36/0865, E36/0941, E36/0944, E36/0964, E36/0968, E36/0969, E37/1247, E37/1268, E37/1269, E37/1296, E37/1297, E37/1298, E37/1350, E37/1352, L37/0109, L37/0110, L37/0118, L37/0206, L37/0207, L37/0223, L37/0224, L37/230, L37/231, L37/0237, 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, P36/1879, P37/8698, P37/8699, P37/8700, P37/8701, P37/8716, P37/8788, P37/8789, P36/1883, P36/1884, P37/9210	100%
	L37/0238, E36/0945, E36/0980, E37/1369, E37/1393, E37/1378, E37/1395, P36/1889	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
	<b><i>King of the Hills Gold Project</i></b>	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, P37/9157, P37/9160, P37/9161
L37/0245, E37/1385, P37/9269 - P37/9295	100% (Applications pending)	
<b><i>Montague Project</i></b>	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%				
<i>Interests in mining tenements or farm-in or farm-out agreements acquired or disposed of during the quarter were as follows:</i>								
WESTERN AUSTRALIA								
Project	Tenement number	Red 5 interest						
<i>Darlot Gold Mine</i>	E37/1393, E37/1395  E36/0966, E36/0970, E36/0951	100% (Application pending)  Applications withdrawn						
<p><b>Abbreviations</b></p> <table> <tr> <td> <p><b><u>Tenements (Australia)</u></b>  M: Mining Lease  P: Prospecting Licence  E: Exploration Licence  L: Miscellaneous Licence</p> </td> <td> <p><b><u>Tenements (Philippines)</u></b>  MPSA: Mineral Production Sharing Agreement  APSA: Application for MPSA</p> </td> </tr> <tr> <td></td> <td> <p><b><u>Company name</u></b>  Greenstone: Greenstone Resources Corporation  SHIC: Surigao Holdings and Investments Corporation</p> </td> </tr> </table>					<p><b><u>Tenements (Australia)</u></b>  M: Mining Lease  P: Prospecting Licence  E: Exploration Licence  L: Miscellaneous Licence</p>	<p><b><u>Tenements (Philippines)</u></b>  MPSA: Mineral Production Sharing Agreement  APSA: Application for MPSA</p>		<p><b><u>Company name</u></b>  Greenstone: Greenstone Resources Corporation  SHIC: Surigao Holdings and Investments Corporation</p>
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