

17 March 2020

## King of the Hills Final Feasibility Study Progress Update

*Final Feasibility Study work program progressing to plan, with updated Mineral Resource estimate imminent; and an experienced Construction Manager to commence late March 2020*

- Final Feasibility Study (“FFS”) for the proposed stand-alone integrated bulk open pit and underground mining and processing operation at the King of the Hills (“KOTH”) Gold Project in Western Australia remains on schedule for completion in the September 2020 Quarter.
- Results from assaying of ~32,000m of historical diamond drilling core, together with results from ongoing underground drilling programs, will underpin the completion of an update to the current 3.1Moz Mineral Resource estimate for KOTH. This update is now expected to be delivered earlier than forecast and reported this month.
- Infrastructure designs are being finalised by GR Engineering Services (“GRES”), with the design process currently advancing through third-party vendor pricing.
- Expressions of Interest for the provision of the KOTH energy requirements on a “Build Own Operate” basis have been released to major Western Australia power producers.
- Mine planning studies are well advanced (SRK and Entech), with the imminent release of the updated Mineral Resource estimate to be followed by the completion of hydrogeological and geotechnical reports.
- The preliminary tender process for open pit mining contractor is underway, with the final contract expected to be awarded in the December 2020 Quarter (subject to a Board approvals and project financing).
- The approvals program is on schedule, with specialist firm MBS Environmental defining a clear pathway for project approvals, with no significant hurdles expected, given this is a brownfields mine development with a long operating history.
- Final seasonal fauna survey is now in progress. Flora and heritage surveys will commence in late March 2020 along the 13km power corridor linking the proposed process plant to the Goldfields Gas Pipeline.
- The Study Peer Review process has been initiated, with Golder Associates engaged as the lead consulting firm.

Red 5 Limited (“Red 5” or “the Company”) (ASX: RED) has made further substantial progress since the last update on 20 January 2020, across all workstreams to facilitate the completion of a FFS. The FFS due in the September 2020 Quarter is for the proposed stand-alone integrated bulk open pit and underground mining and processing operation at the King of the Hills (KOTH) Gold Project in Western Australia.

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## KEY ACTIVITIES BEING PROGRESSED

### 1. Mineral Resource Update

A Mineral Resource update for the existing 3.11Moz Mineral Resource at KOTH is anticipated in late March 2020. The cut-off date for the resource database was 19 February 2020, with all drilling and assays to be included in the FFS Mineral Resource estimate up to that date. The updated KOTH Reserve will be released as part of the Final Feasibility Study report.

The updated Mineral Resource will include results from:

- KOTH underground drilling programs.
- Drilling along the West Wall of the KOTH open pit.
- Final assay results from ~32,000 meters of previously un-assayed historical drill core (see ASX announcements 12 March 2020, 19 December 2018, 4 July 2019 and 29 October 2019).

Resource modelling is currently well advanced with specialist consultant, Dr Spero Carras of Carras Mining Pty Ltd, conducting an independent third-party review of the model.

Drilling and assaying of numerous low-grade stockpiles commenced in March 2020, to confirm potential inclusion in future KOTH Mineral Resource models. Meanwhile drilling programs will continue at KOTH, with drill results received after 19 February 2020 to be fed into future Mineral Resource updates.



**Figure 1.** DDH1 drilling core at satellite pit area for geotechnical purposes.

## 2. Mine Planning

Following the completion of an 11-hole diamond drilling program around the KOTH open pit (for geotechnical, hydrogeological and metallurgical evaluation), drilling contractor DDH1 has now completed a 15-hole program in the Rainbow, Cerebus-Eclipse and Centauri satellite deposit areas. Ten geotechnical/hydrogeological holes and five metallurgical holes were drilled. Three of the geotechnical holes have had instrumentation installed to monitor bore water pressure, which is important for geotechnical understanding, calculation of mine design parameters and monitoring of pit wall stability once in operations.

Big Dog Hydrogeology and Peter O’Bryan & Associates are working with the Red 5 Study Team and mine design consultants to ensure all geotechnical and hydrogeological risks are managed in the final mine plan and design.

With the imminent updated Resource estimate, the Mine Planning studies being undertaken by consultants SRK and Entech will work towards completion, with the final designs expected late in the June 2020 Quarter. Concurrently, a preliminary tender process has commenced with open pit mining contractors.



**Figure 2.** An underground mine geologist examining the intense veining along the ‘damage zone’, between the Granodiorite and Ultramafic contact.

### 3. Infrastructure

A 60-hole Reverse Circulation (RC) sterilisation drilling program (PXD) has been completed for the proposed process plant, TSF6 and accommodation village footprints. Metallurgical samples are currently being processed by ALS Laboratory Services, with the results expected to validate information previously collated during Pre-Feasibility Studies and existing site operational knowledge for both the KOTH open pit and underground operations.

GRES is progressing designs for the process plant, workshops and accommodation village, with the design process currently advancing through the third-party vendor pricing stage.

Knight Piésold expects to complete the final design report for TSF's 4, 5 and 6 in April 2020. Expressions of Interest for the provision of KOTH's energy requirements on a Build Own Operate basis have been released to major independent power producers. The 20-25MW power plant design process includes evaluation of the use of renewable energy to complement a gas-fired power station supplied from the nearby Gas Goldfields Pipeline.

In anticipation of the planning, preparation and commencement of infrastructure construction in the December 2020 Quarter, an experienced Construction Manager has been recruited by Red 5, commencing in late March 2020. Development of a Project Execution Plan has already started and will ensure the Project can be developed efficiently and to budget and schedule (subject to Board approvals and project financing).



*Figure 3. Mining contractor hauling ore from KOTH underground to ROM.*

### 4. Fauna and Flora

A final seasonal fauna survey (Terrestrial Ecosystems) is currently in progress with the initial survey completed in late 2019. To date, there has been no indication of fauna species of conservation significance across the KOTH tenements. In March 2020, a flora survey of the power transmission corridor between the mine and the Goldfields Gas Pipeline will be undertaken by specialist consulting firm Matiske. Previous studies in this area have not identified any sensitive flora species.

## 5. Cultural Heritage

Archaeology (Waru Consulting) and anthropology surveys (Daniel de Gand and traditional owner representatives) were completed in December 2019, and the final reports have been received. These surveys, undertaken with the support of traditional owners, have helped to consolidate the existing knowledge base and mapped sites of Aboriginal heritage significance.

Where possible, this has allowed mine planning to avoid and/or maximise protection of sites of importance. A further study will be undertaken in the footprint of the proposed transmission corridor between the Goldfields Gas Pipeline and mining area to identify any sites requiring avoidance.

## 6. Environment

MBS Environmental has been engaged and has provided an approvals strategy for the permitting process. All necessary approvals have been identified and scheduled to minimise the risk of potential delays. KOTH benefits from having several permits already in place from the current and historical operations, and there is no likelihood of referral of the Project to the Commonwealth Department of Environment and Energy under the Environmental Protection and Biodiversity Conservation Act, 1999. No Matters of National Environmental Significance have been identified within the project area or immediate surrounds.

The primary approvals fall under the West Australian Department of Mines, Industry Regulation and Safety (Mining Proposal, Mine Closure Plan and Native Vegetation Clearing Permit) and the Department of Water and Environmental Regulation (Works Approval for processing, dewatering, landfill, fuel burning, wastewater treatment, power generation and chemical storage).

Approval will also be required under the Aboriginal Heritage Act, 1972 for the necessary crossings of Sullivan's Creek for access to the north-west satellite deposits (Centauri and Cerebus-Eclipse) as well as to the Goldfields Gas Pipeline. Local government approvals will be required, mainly for the accommodation village.



*Figure 4. PXD infill drilling at a satellite deposit.*

## MANAGEMENT COMMENT

Red 5 Managing Director, Mark Williams, said the imminent delivery of an updated Mineral Resource model for KOTH represented a significant milestone towards the completion of the FFS, with the updated Mineral Resource to form the foundation of final mining and engineering studies.

*“We have completed a significant amount of work already, with the next major deliverable to be an update to the current 3.11 million ounce Mineral Resource estimate, which we expect to be able to report this month.*

*“The Resource model will enable us to finalise mine planning and the completion of an updated bulk open pit and underground Ore Reserve for King of the Hills.”*

*“We are delighted to have appointed an experienced Construction Manager who will join the team later this month. We are also close to finalising the infrastructure and site layout, with results from sterilisation drilling expected shortly.*

*“A clear pathway for project approvals has been defined with no significant hurdles expected given this is a brownfields mine development with a long operating history.*

*“Collectively, these programs put us well on track to complete the Final Feasibility Study for the integrated bulk open pit and underground mining operation in the September Quarter 2020.” he said.*

**ENDS**

Authorised for release by the Board.

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## Competent Person’s Statements

### Mineral Resource and Exploration Results

Mr Byron Dumpleton, confirms that he is the Competent Person for the Mineral Resource and 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. 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.

### 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

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