

21 January 2021

## Preliminary December 2020 Quarter Update

*December 2020 Quarter production of 21,534 ounces from Darlot Gold Mine | Process plant site works and development ramping up at King of the Hills following recent award of fixed-price EPC and bulk earthworks contract | Global banking syndicate mandated to finalise debt financing*

### HIGHLIGHTS

- Production of 21,534 ounces and gold sales of 22,412 ounces for the December 2020 Quarter (September Quarter: 20,283 ounces produced and 19,932 ounces sold), with year-to-date production of 41,817 ounces. All-In Sustaining Cost (AISC) for the quarter of \$2,181/oz. Free cash flow from operations for the quarter was \$10.8 million.
- Updated guidance for FY-21 gold production of between 80,000 to 85,000 ounces at an average AISC of \$2,280 – \$2,150/oz. The change in guidance is due to lower than expected mining rates and grade from the Darlot Underground, predominantly associated with mining in remnant areas.
- Mining approvals have been received for the Great Western satellite open pit near Darlot and mining will commence in February 2021. Ore from Great Western will substitute the ore feed into the Darlot Mill from the King of the Hills (KOTH) underground. The KOTH underground mine is being preserved for the new Processing Plant, due to commence operations in the June 2022 Quarter.
- Bulk earthworks underway for the process plant at KOTH following the appointment of MACA Interquip as EPC Contractor in November 2020. Camp construction is well advanced, with the KOTH Village ready for use in February 2021.
- 15-megawatt SAG mill, shell and motors have been shipped from Houston to Johannesburg to undergo refurbishment and upgrade. The mill variable speed drive is undergoing inspection at ABB in Switzerland.
- All approvals for the commencement of construction of the KOTH processing facility are now in place.
- A global banking syndicate has been mandated to finalise the debt financing facility for the King of the Hills Project. The Project remains on track to achieve first gold production in the June Quarter 2022.
- Group cash on hand and bullion at the end of December 2020 of \$98.5 million, following the repayment of \$3.0 million for the working capital loan facility and \$9.3 million spent on KOTH construction activities, Final Feasibility Study and exploration and development activities.
- Total working capital loan facility of \$5.0 million remaining at 31 December 2020.
- Darlot hedge commitments reduced by 14,000oz as planned, to a total outstanding of 39,000oz at an average price of \$2,084/oz.

Full details and commentary on Red 5's operating performance during the December Quarter, including the updated FY-21 guidance, will be provided in the December 2020 Quarterly Report, to be released on 28 January 2021, along with details for an investor briefing call.

Red 5 Managing Director Mark Williams said the Company is on track to finalise project debt funding for the King of the Hills Project in the near future. There has been a major increase in on-site activity following the commencement of the bulk earthworks by the EPC contractor.

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*“We look forward to providing a more detailed update on activities at KOTH in our forthcoming December Quarterly Report next week,” Mr Williams said. “Development at KOTH is progressing well with construction teams on site and progress on schedule. We anticipate having the debt financing facility in place this quarter, and we are pleased to be working with a Tier-1 banking syndicate to achieve this objective.*

*“The Darlot Gold Mine posted a quarterly production result of 21,534 ounces at an all-in sustaining cost of A\$2,181/oz for the December 2020 Quarter. Our transitional production plan at the Darlot Mining Hub kicks off in earnest this quarter with mining at the Great Western satellite deposit.”*

**ENDS**

Authorised for release by the Board.

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