

18 April 2017

## SIANA GOLD PROJECT UPDATE

Red 5 Limited (ASX: RED) and its Philippine-affiliated company, Greenstone Resources Corporation (Greenstone Resources), advise that Greenstone Resources has given notification to the Philippines Mines and Geosciences Bureau (MGB) that mining operations at the Siana Gold Project in the Philippines will be suspended with immediate effect. This decision has been made as a result of:

- the operational impact which the current uncertainty regarding regulatory and government mining policy in the Philippines has had on the Group's operations; and
- the Group's assessment of the likely resulting changes to open pit operations after taking into account the delay in the approval of the Environmental Compliance Certificate amendment for the long-term Tailings Storage Facility (TSF) and other mining challenges referred to in previous announcements.

Based on the Group's current cash position, the Group has sufficient funds to maintain the Group's mining assets in good standing and, if necessary, to continue the suspension of operations for at least two (2) years.

While the decision to suspend mining operations has not been taken lightly, the Group has decided that this is the best way to preserve the significant inherent value of the large in-situ gold inventory and high-quality infrastructure at Siana, and to protect the Group's balance sheet and shareholders' interests.

### Open Pit Operations

Notice will be given to the mining contractor to cease operations and demobilise equipment. During the suspension, the Group will continue to perform core activities including community relations activities, environmental and regulatory compliance and de-watering.

### Processing

As previously announced to the ASX, operations at the Siana processing plant were suspended in late January 2017; however, the Group proposes to re-commence ore processing for approximately one month in order to maximise the use of the existing tailing storage facilities.

### Underground Development

Given the uncertainty surrounding the resumption of open pit mining and cash flow, the decision has been made to suspend underground mine development at Siana; accordingly, notice will be given to the underground mining contractor to cease activities and demobilise equipment.

Development to date utilising low-cost hand-held air-leg drills, comprises 2 completed and 1 near complete, steel set reinforced portals; with declines and drives totalling over 350 metres, together with power, compressed air and ventilation infrastructure.

### Workforce and Stakeholders

Reductions in overhead and operating costs will be implemented.

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Greenstone Resources' management will continue to work closely with the local communities and government officials in Surigao del Norte Province to minimise the impact from the decision to suspend operations and to provide support and assistance wherever possible.

The Group will maintain personnel to ensure continued environmental compliance and to facilitate ongoing strong community relations.

The Group regrets the impact which the decision to suspend operations will have on employees, contractors, their families and the host communities. The Group recognises the excellent performance and support provided by the employees and contractors to the Siana Gold Project.

**Financial and Corporate**

The Group remains in a sound financial position with a cash balance at the end of the March 2017 Quarter of approximately A\$23.5 million (including gold doré in the metal account), and no drawn debt facility.

As advised previously, Red 5 has established a corporate team for the purpose of seeking potential new corporate opportunities and that team continues to work with external consultants to this end.

**ENDS**

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