

2019 Annual General Meeting – Chairman’s Address

The past year has been a period of significant progress and achievement for Red 5. Thanks to a solid operational, explorational and financial performance, the Company has been able to consolidate its position as an Australian gold producer and has taken significant steps towards our objective of becoming a multi-asset company with a diversified, long-life production profile.

The Company’s successful execution and delivery during one of the busiest periods in our history is a credit to our hard-working team and I would like to acknowledge the enormous effort that has been put in over the course of the year by our senior management team, staff and contractors.

The combination of a solid and growing production base at the Darlot and King of the Hills (KOTH) gold mines together with a rapidly evolving bulk mining opportunity at KOTH establishes Red 5 as a producer with significant upside as we work towards a transformational development opportunity at KOTH.

It is the scale of the opportunity at KOTH which has undoubtedly attracted the market’s attention this year. KOTH has the potential to be one of Australia’s next premier gold development projects, with a resource and reserve base that already ranks as a top-20 Australian gold deposit.

With the 2019 financial year marking the first full year of mining operations since we acquired our Eastern Goldfields assets, Red 5 delivered total production of 102,012 ounces from the combined Darlot and KOTH operations. This underpinned a solid financial performance which reflected the ramp-up of production as well as the significant investment we continue to make in development and exploration activities.

Darlot continues to perform to expectations, delivering the majority of our gold production over the past financial year. The Darlot processing plant also continues to perform well as a central processing facility for combined feed from the Darlot and KOTH mines under our current “Truck to Darlot” business model. We have seen pleasing growth at KOTH and our understanding of the KOTH orebody has grown enormously with focus on extraction from bulk underground stopes. These bulk stopes are delivering improved operational efficiencies and lower operating costs and will be a continued focus as we move into 2020.

While successfully completing the ramp-up of gold production at both Darlot and KOTH, we were also able to maintain strong momentum in delivering our growth strategy, particularly with the potential development of a significantly expanded stand-alone mining and processing operation at KOTH.

Since the last AGM, we have delivered successive resource updates on KOTH, culminating in the announcement in May 2019 of a total open pit and underground Mineral Resource estimate of 3.1 million ounces of contained gold.

The open pit portion of the Resource in turn provided the foundation for a maiden bulk open pit Ore Reserve estimate comprising 36.0Mt grading 1.25g/t Au for 1.45Moz of contained gold, which was reported in August 2019 in parallel with a Pre-Feasibility Study which outlined the potential for a 140,000oz per annum, 10-year gold operation with attractive economics.

The Pre-Feasibility Study outlined the parameters of a large bulk open pit mining operation, including construction of a new 4Mtpa CIL processing plant on-site and a technically low-risk integrated project development leveraging off the extensive infrastructure and services already available at the brownfields site.

It is also worth emphasising that the numbers presented in the Pre-Feasibility Study only tell a part of the rapidly emerging story at KOTH. There is significant potential upside to the project from the inclusion of the 1.1Moz of underground resources, regional oxide deposits and ongoing exploration.

The Final Feasibility Study currently in progress will consider an integrated bulk open pit and underground mining operation at KOTH which will capture as much of this upside as possible within our targeted timeframe of completing a Final Feasibility Study in the September 2020 quarter.

Red 5 has commenced a major underground drilling program, comprising an estimated 85,000m of drilling in FY2020. To date, we have tested only a relatively small portion of the prospective contact area, which we believe has strong potential for additional Mineral Resources.

We are also continuing to explore for regional gold deposits surrounding the main KOTH orebody that may be developed as satellite open pits to deliver early mill feed for the proposed bulk mining operation. Regional drilling has already delivered a number of exciting results.

To summarise our commitment to organic growth across our key assets, the Company has budgeted to complete well over 120,000m of drilling in FY2020, including 85,000m of underground and 25,000m of regional drilling at KOTH plus 10,000m of drilling at Darlot, amounting to a total geology budget for the year of \$23 million.

In the Philippines, we are continuing to assess the best path forward for the Siana Gold Project, with mining operations remaining suspended throughout the past financial year. With a large Mineral Resource and high-quality infrastructure, we are focussed on realising value for this asset.

In conclusion, we have entered the 2020 financial year in an excellent position. Our financial position is robust, with group cash and bullion on hand of over \$40 million as at 30 September 2019, a \$20 million working capital facility in place with Macquarie Bank, tight cost control across the business and relatively low corporate overheads for a gold producer of our size.

I would like to sincerely acknowledge the efforts of the Red 5 team in delivering these strong results, with thanks to my fellow directors and also in particular our Managing Director, Mark Williams, for his tireless work and strong leadership in helping our motivated team to deliver these excellent results. I would also like to thank you, our shareholders, for your ongoing support.

2020 is shaping up as a year of great opportunity for Red 5, and I and my fellow directors look forward to it with enthusiasm.

Kevin Dundo
Chairman

20 November 2019

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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.