

3 August 2017

## RED 5 TO ACQUIRE DARLOT AND KING OF THE HILLS GOLD PROJECTS IN WA'S EASTERN GOLDFIELDS

### Key Points

- Red 5 embarks on a new growth strategy centred on the acquisition of an asset portfolio in the Eastern Goldfields region of WA ("Eastern Goldfields Consolidation Strategy" or "Strategy").
- The cornerstone of the Strategy is a binding agreement to acquire the operating Darlot Gold Mine, located ~900km NE of Perth in the Leonora-Leinster mineral province, from a wholly owned subsidiary of Gold Fields Limited for \$18.5M (in cash and shares) in staged payments. The acquisition includes:
  - An operating gold mine, with historical production that has averaged ~94kozpa since 1989;
  - A fully operational 0.83Mtpa processing facility (refurbished in 2010-13) with excess capacity;
  - Extensive infrastructure including a 402-room camp, airstrip and mine services – potential to become a regional processing hub;
  - A SAMREC 2016 Mineral Resource of 1.2Mt at 6.0g/t Au for 224,000oz of contained gold<sup>1</sup>; and
  - A total land-holding of 13,900ha with multiple exploration targets and a vast drilling database, providing excellent vectors for follow-up exploration.
- The second key plank of the Strategy is a binding agreement to acquire the King of the Hills ("KOTH") Gold Project, located ~80km south of Darlot, from Saracen Mineral Holdings Limited (ASX: SAR) for \$16M (in cash and shares) in staged payments. The acquisition includes:
  - An advanced gold project with a JORC 2012 Underground Indicated and Inferred Resource of 2.71Mt at 4.6g/t Au for 402,000oz of contained gold<sup>2</sup>;
  - Established site infrastructure adjacent to the Goldfields Highway and mining centre of Leonora;
  - Near-term underground and open pit mining potential based on trial underground mining and advanced studies; and
  - A land-holding of 11,751ha with excellent exploration potential.
- The acquisitions will give Red 5 a commanding 25,700ha footprint in the highly-endowed Leonora-Leinster gold district, one of Australia's most active gold provinces, a Mineral Resource inventory totalling 626,000oz<sup>3</sup>, immediate production and cash-flow, and outstanding exploration and growth potential.
- In addition to the exploration opportunities at both Darlot and KOTH, the Darlot Gold Mine provides the opportunity to establish a regional processing hub to unlock other gold deposits within the region, including potential bolt-on acquisitions.
- Once completed (scheduled for 30 September 2017), the transactions will see both Gold Fields and Saracen join the Red 5 share register as major shareholders, representing a strong endorsement of its growth strategy and management team.

<sup>1</sup> Gold Fields Resource and Reserve Supplement 2016 p.71

<sup>2</sup> As at 30 June 2017 per Saracen Resource and Reserve Statement 2 August 2017

<sup>3</sup> Combined SAMREC 2016 and JORC 2012 Resource across the projects, as further explained below

**Red 5 Limited**

ABN 73 068 647 610

ASX: RED

Shares on issue: **763.8M**

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- In order to assist in funding the cash component of the acquisitions (\$14M) and for working capital purposes, Red 5 intends to undertake a Rights Issue to all eligible shareholders (“Rights Issue”) on a 1-for-3 basis at an issue price of \$0.05 per share to raise up to \$12.7M. The Rights Issue will be partially underwritten by Gold Fields to \$8.5M including a sub-underwriting commitment by Saracen to \$1.5M. The Red 5 Group had cash at 24 July 2017 of \$16.0M.
- The transactions are subject to required shareholder and other regulatory approvals. A shareholder meeting will be convened for the third week of September 2017 to seek all of the required shareholder approvals.
- The new acquisitions represent a significant addition to the Company’s asset portfolio alongside its Siana Gold Project in the Philippines, which retains significant inherent value. The Red 5 Group will continue to maintain these assets in good order pending an improvement in operating conditions in the Philippines.

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## OVERVIEW

Red 5 Limited (ASX: RED – “Red 5” or “the Company”) is pleased to announce that it has embarked on a major new growth strategy in the Eastern Goldfields region of Western Australia after entering into binding agreements to acquire the operating Darlot Gold Mine (“**Darlot**”) from a wholly owned subsidiary of South African-based gold producer Gold Fields Limited (JSE, NYSE: GFI – “**Gold Fields**”) and the advanced King of the Hills Gold Project (“**KOTH**”) from West Australian gold producer Saracen Mineral Holdings Limited (ASX: SAR – “**Saracen**”).

The acquisitions will provide Red 5 with an extensive strategic footprint in the world-class Leonora-Leinster mineral district of WA, with the ability to leverage this position by pursuing a regional consolidation strategy aimed at establishing the Darlot mill as a central processing hub (“**Eastern Goldfields Consolidation Strategy**” or “**Strategy**”) (see Figure 1).

The cornerstone of the Strategy is the proposed acquisition of the Darlot Gold Mine, located ~900km north-east of Perth, from Gold Fields for total consideration of \$18.5 million, payable in stages through a combination of cash and shares. The upfront consideration due on completion of the acquisition is a cash payment of \$7 million and the issue of 130 million Red 5 shares to Gold Fields at a deemed issue price of 5 cents per share (to be escrowed for 12 months), which will result in Gold Fields becoming a significant shareholder in the Company.

Darlot is an operating gold mine which has produced ~2.7Moz of gold over a 28-year operating history. Historical production has averaged ~94koz per annum since 1989, with production of 66,000oz in 2016<sup>4</sup>. The Darlot Gold Project includes a fully operational 0.83Mtpa gold processing plant which was refurbished between 2010 and 2013 for a total cost of \$17 million, and has been well-maintained.

The Darlot Gold Project also includes a SAMREC 2016 Mineral Resource of 1.2Mt at 6.0g/t Au for 224,000oz as at 31 December 2016<sup>5</sup>, a 402-room mining camp, extensive on-site infrastructure (including a CASA certified airstrip) and a total land-holding of approximately 13,900 hectares. Red 5 considers the Darlot processing plant is the key to unlocking numerous isolated gold deposits that lie within a 100km radius. The first additional deposit to be pursued under this strategy is the KOTH Project, located 80km south of Darlot.

Red 5 has entered into a binding agreement with Saracen to acquire KOTH for a total consideration of \$16 million, payable in stages in cash and shares. The upfront consideration due on completion of the acquisition is a cash payment of \$7 million and the issue of 90 million Red 5 shares to Saracen at a deemed issue price of 5 cents per share (to be escrowed for 12 months), which will result in Saracen becoming a significant shareholder in the Company.

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<sup>4</sup> Gold Fields Resource and Reserve Supplement 2016 p.69 dated 28 March 2017

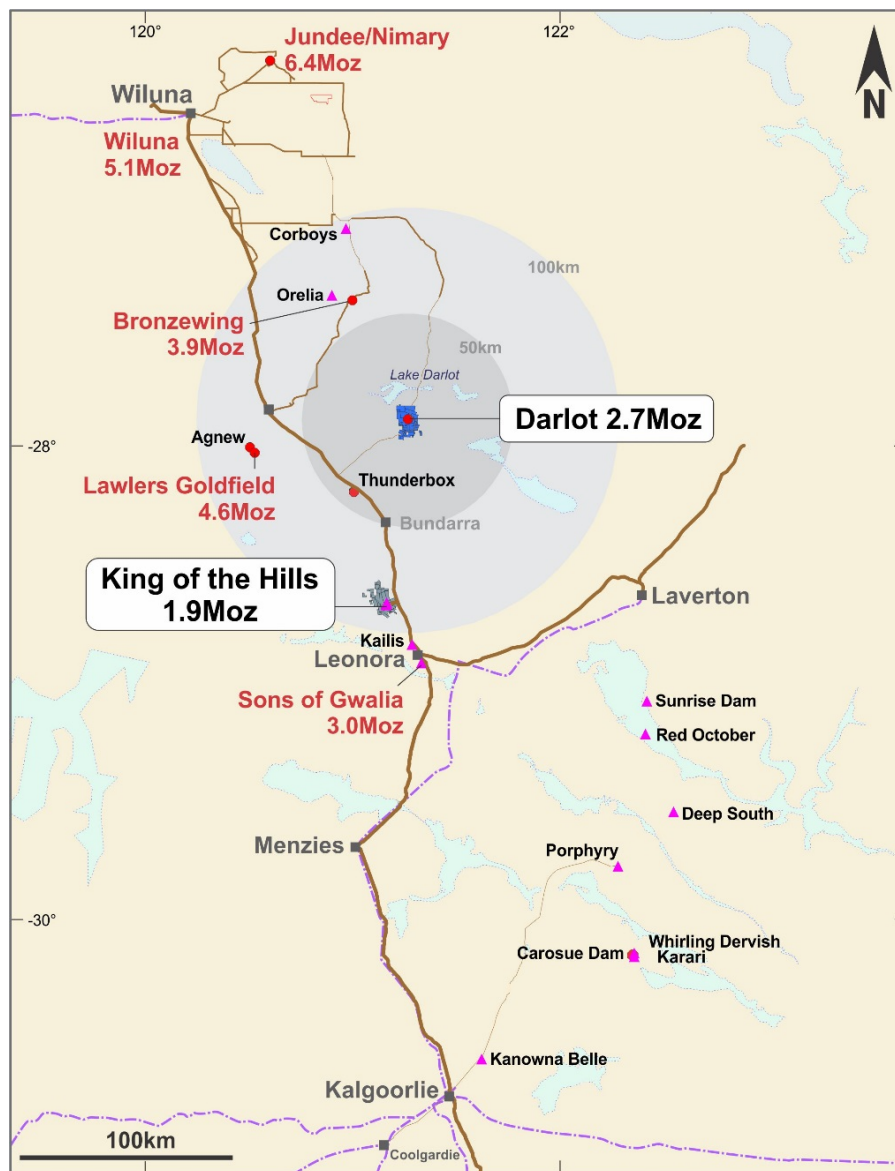
<sup>5</sup> Gold Fields Resource and Reserve Supplement 2016 p.71 dated 28 March 2017

The KOTH Project includes a JORC 2012 Underground Indicated and Inferred Mineral Resource of 2.71Mt at 4.6g/t Au for 402,000oz of contained gold<sup>6</sup>, a new underground mine design developed by Saracen following a 6-month trial underground mining campaign, established site infrastructure located immediately adjacent to the Goldfields Highway, and an 11,751ha tenement holding with excellent exploration potential.

The Red 5 team has extensive experience in the exploration, development and operation of gold mines globally, including at its existing Siana open pit and underground operation in the Philippines, and is well placed to deliver significant value from the newly acquired assets.

The Company's Stage 1 development plan under the Eastern Goldfields Consolidation Strategy is to maximise throughput at the Darlot mill over an initial 3-4 year period by processing ore from both the Darlot and KOTH underground mining operations.

Stage 2 of the Strategy will centre on increasing the Company's Reserve base in the Eastern Goldfields through regional exploration within the 25,700ha tenement footprint acquired under the Darlot and KOTH transactions, as well as assessing additional business development opportunities.



**Figure 1: Darlot and King of the Hills project locations, showing historical production from key gold deposits in the region**

<sup>6</sup> As at 30 June 2017 - Saracen Resource and Reserve Statement dated 2 August 2017

Further details regarding both Darlot and KOTH and the Eastern Goldfields Consolidation Strategy is provided below and in the Investor Presentation released on the ASX today.

## DARLOT GOLD MINE ACQUISITION

### Overview

Darlot is an established, operating gold mine located ~900km north-east of Perth, which has been owned by Gold Fields since 2013, and was previously held by Barrick Gold and Homestake Mining. The mine is located in a rich historical goldfield, and has produced 2.7Moz over its +28-year operating history, with historical production which has averaged 94koz per annum since 1989. The mining operation is being acquired by Red 5 as a going concern, with the acquisition including:

- A fully operational 0.83Mtpa Carbon-in-Pulp (CIP) and Carbon-in-Leach (CIL) gold processing plant, which was refurbished by Barrick Gold in 2010-2013 at a cost of \$17 million and has been well maintained since;
- A SAMREC 2016 Mineral Resource of 1.2Mt @ 6.0g/t Au for 224,000oz as at 31 December 2016;
- A mining camp, including 402 rooms, mess facilities and other camp associated facilities;
- A total land-holding of approximately 13,900ha;
- Extensive on-site infrastructure, including ROM pad, paste plants, tailings dams, maintenance workshops, exploration/core logging and storage facilities, and a CASA-certified airstrip; and
- All required utilities including power and water.

### Darlot Gold Mine – Acquisition Details

The structure of the consideration for the Darlot transaction is:

- (a) Upon completion of the acquisition (**Completion**), Red 5 will make the following payments to Gold Fields:
  - i. A cash payment of \$7,000,000 (**Cash Consideration**);
  - ii. The issue of 130,000,000 Red 5 shares to Gold Fields (at a deemed issue price of 5 cents per share), with such shares to be escrowed for a period of 12 months (**Share Consideration**);
- (b) \$5,000,000 (**Deferred Consideration**) is payable 24 months after Completion (**Second Anniversary Date**), payable in cash or shares, as follows:
  - i. at Gold Fields' election, part or all in shares 12 months after Completion (**First Anniversary Date**), the deemed issue price of the shares shall be equal to the 30-day Volume Weighted Average Price of Red 5's shares immediately prior to the First Anniversary Date, and shares issued shall be escrowed until the Second Anniversary Date (unless otherwise agreed by the Company); or
  - ii. at Gold Fields' election, part or all in shares at the Second Anniversary Date, the deemed issue price of the shares shall be equal to a 15% discount to the 30-day Volume Weighted Average Price of Red 5's shares immediately prior to the Second Anniversary Date.

In the event that receiving all of the Deferred Consideration in shares would result in Gold Fields' shareholding in Red 5 increasing to more than 20% (or if then above 20% at the time of issue, to a percentage beyond that number), the number of shares issued to Gold Fields shall be reduced such that Gold Fields' shareholding does not exceed 20% (or if then above 20% at the time of issue, to a percentage beyond that number), and the difference between the value of the shares issued to Gold Fields and \$5,000,000 shall be settled through a cash payment from Red 5 to Gold Fields.

The issue of the initial Share Consideration and any Deferred Consideration shares, if so elected by Gold Fields, are subject to shareholder approval. The Board of Red 5 will recommend that shareholders vote in favour of the issue of the Share Consideration, and confirm that any Board member who is eligible will vote in favour of the issue of the Share Consideration to Gold Fields.

In addition, Gold Fields will be entitled to, subject to any necessary shareholder approval and ASX waiver to anti-dilution rights for a period of 3 months from Completion. In the event that share issuances by Red 5 in the 3 months following Completion would otherwise dilute Gold Field's shareholding below 14.54% Gold Fields is entitled to be issued such number of shares, at the same price at which the dilutive shares were issued, so that it is able to maintain that shareholding percentage.

Completion of the acquisition is scheduled for 30 September 2017 and remains conditional upon shareholder approval for the purposes of ASX Listing Rule 7.1 shareholder, any necessary FIRB approval and third party consents under certain operational contracts.

As part of the transaction, Red 5 will assume existing rehabilitation and environmental liabilities on the Darlot Gold Mine estimated at \$14.5 million.

### **Darlot Gold Mine – Proposed Operating Strategy and Potential**

#### *Key Strategies*

Red 5's proposed operating strategy for the current Darlot mining operation is to increase the recovery of existing resources and thereby extend the mine life. Remnant mining requires less capital investment and will enable the Company to maximise gold production with lower operating expenditure.

The Company will then combine production from the Darlot mine plan with KOTH ore, aiming to increase the Darlot processing plant to capacity (currently 0.83Mtpa), and spread the fixed overhead costs over an increased production profile.

In addition, Red 5 will also actively pursue other opportunities to minimise operating costs and optimise the mining operation.

This strategy is aimed at providing approximately 3-4 years of production at Darlot, providing Red 5 with time to assess a pipeline of exploration targets identified over the past two years by extensive exploration work undertaken by Gold Fields and Saracen and thereby underpin longer term gold production at Darlot.

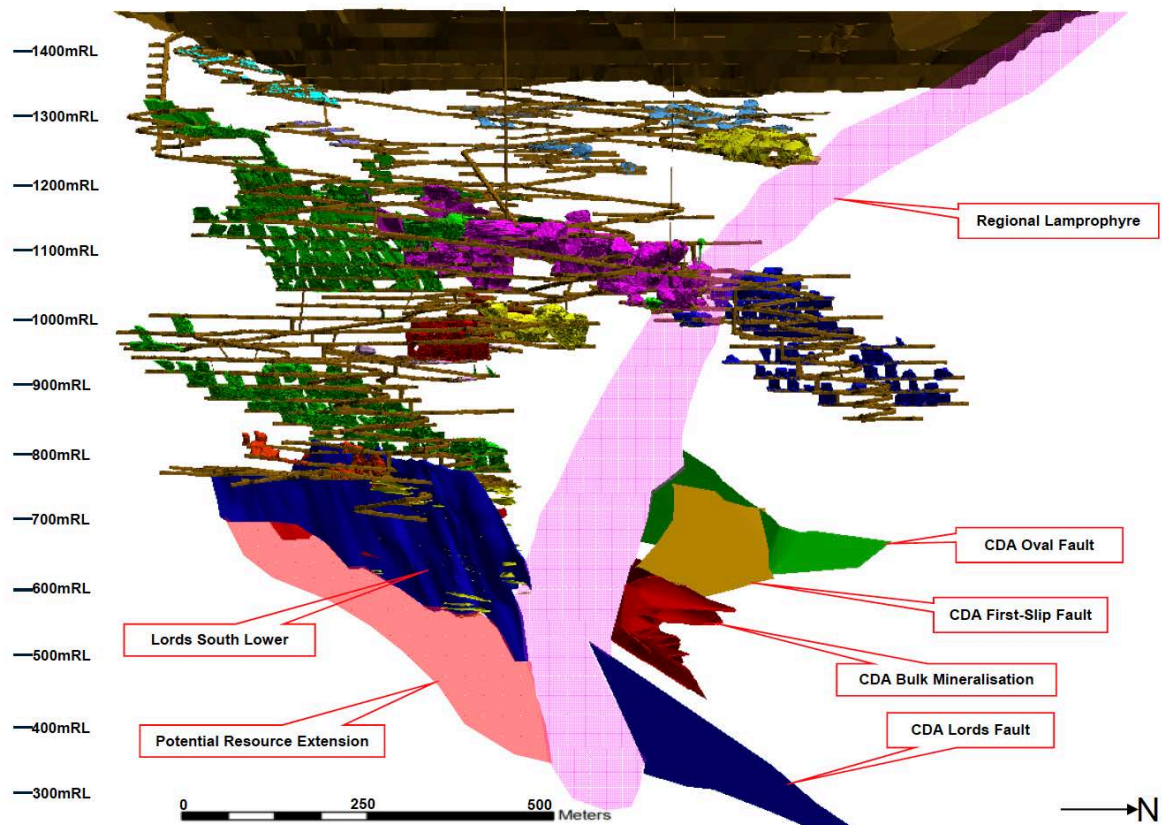
#### *Mining and Processing Upside*

Gold Fields has made a significant investment in exploration at Darlot in recent years to rebuild the production pipeline, and has improved confidence in the Lords South Lower and CDA Oval orebodies, as well as a number of smaller orebodies (see Figure 2).

Red 5 believes there is potential to lower mining costs at Darlot, as well as unlocking other cost efficiencies by changing the mining strategy to accommodate multiple underground orebodies.

The Company will also review the extensive underground Resource base that did not meet SAMREC / Gold Fields guidelines.





**Figure 2: Darlot ore body and underground development**

### *Exploration Upside*

The Darlot acquisition provides Red 5 with a total land-holding of 13,900ha, with tenements in good standing and minimal third-party royalties.

Numerous ore grade intercepts have been recorded over multiple prospect areas, with excellent potential both to extend existing mineralised zones and identify new deposits.

The acquisition includes a vast drilling and exploration database, providing excellent vectors for follow-up exploration. This work includes:

- Comprehensive cutting-edge 3D seismic studies
- Structural modelling
- Geochemical surveys
- Fingerprinting exercises

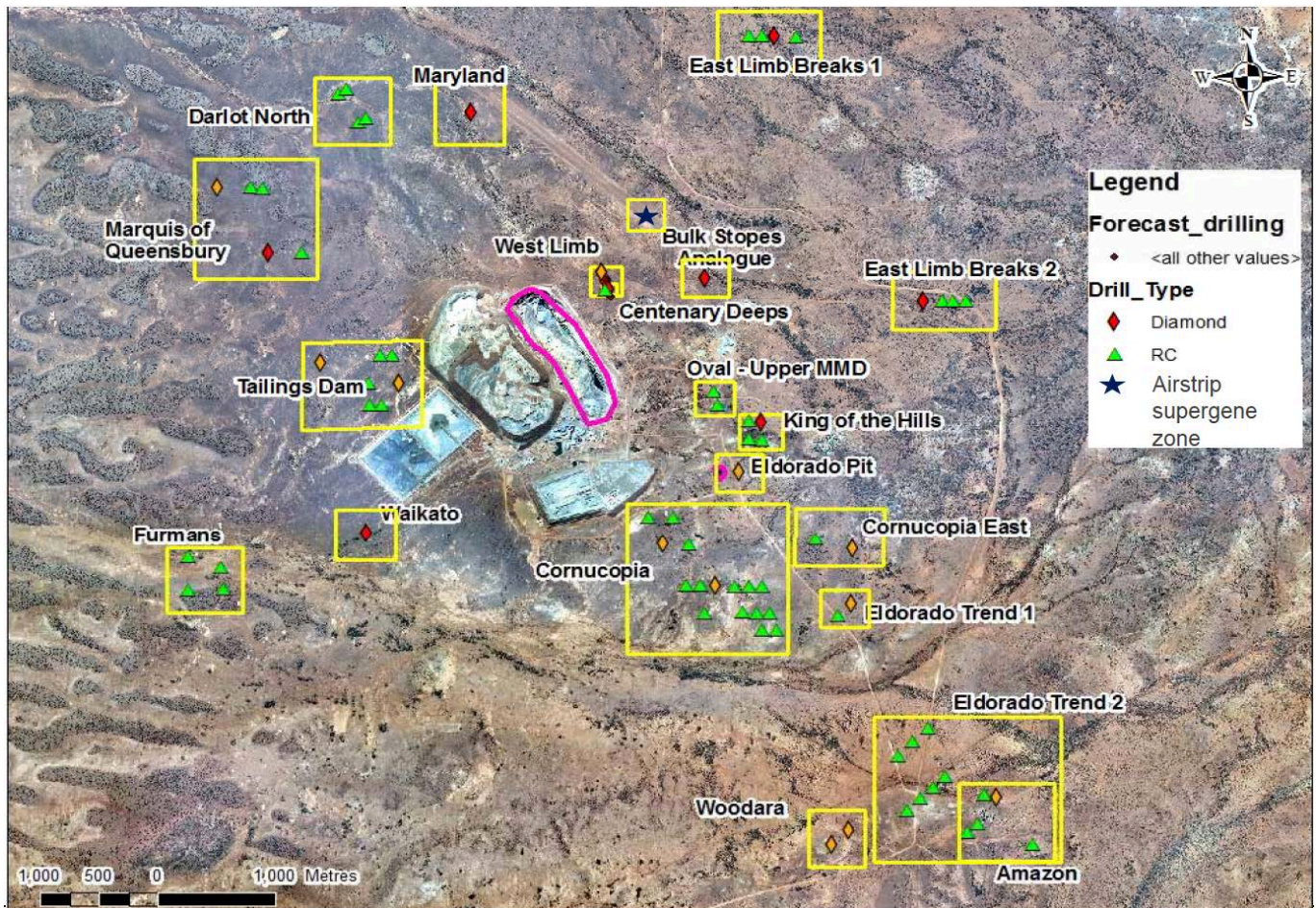


Figure 3: Darlot exploration targets identified by Gold Fields

### Integration Sequence

The proposed integration sequence for the Darlot mining operation is summarised as:

#### Stage 1 (pre-Completion)

- Operational planning
- Delineate stope areas within existing resource base for extraction
- Develop costed mine schedule

#### Stage 2 (1-3 months)

- Implement operational plan
- Utilise transitional services agreement with Gold Fields
- Review opportunities for operational improvements
- Review of LOM mine plan
- Continue review of exploration targets

#### Stage 3 (3-6 months)

- Resource and Reserve optimisation
- Commence drilling of exploration targets
- Commence production from KOTH to bring the Darlot process plant to increased capacity and reduce unit fixed costs

Red 5 is also pleased to confirm the continuation of the Darlot employee group who have run the operation well and overseen Darlot as one of Gold Fields' best performing mines from a safety perspective.



## KING OF THE HILLS ACQUISITION

### Overview

King of the Hills (previously known as “Tarmoola”) is an historical gold project located ~80km south of Darlot and ~28km north of the town of Leonora in the Eastern Goldfields of WA.

The project delivered total historical production for previous owner by past owners including Mt Edon Gold Mines of 1.6Moz from the open pit (28.4Mt @ 1.7g/t – closed in 2004) and 0.3Moz by St Barbara from the underground (closed April 2015). It hosts an Underground Indicated and Inferred Mineral Resource of 2.71Mt at 4.6g/t Au for 402,000oz of contained gold<sup>7</sup>.

The project includes established site infrastructure immediately adjacent to the Goldfields Highway and in close proximity to the mining centre of Leonora.

### KOTH – Acquisition Details

The structure of the consideration for the KOTH transaction is:

- (a) Upon completion of the acquisition (**Completion**), Red 5 will make the following payments to Saracen:
  - i. A cash payment of \$7,000,000 (**Cash Consideration**);
  - ii. The issue of 90,000,000 Red 5 shares to Saracen (at a deemed issue price of 5 cents per share), such shares to be escrowed for a period of 12 months (**Share Consideration**);
- (b) 12 months after Completion (**Anniversary Date**), Red 5 will make the following payments to Saracen:
  - i. \$4,500,000 payable in cash or Red 5 shares, at Saracen’s election (**Deferred Consideration**). Where Saracen elects to receive the Deferred Consideration as shares, the deemed issue price of the shares shall be equal to the 30-day Volume Weighted Average Price of Red 5’s shares immediately prior to the Anniversary Date.

In the event that receiving all of the Deferred Consideration in shares would result in Saracen’s shareholding in Red 5 increasing to more than 15%, the number of shares issued to Saracen shall be reduced such that Saracen’s shareholding does not exceed 15%, and the difference between the value of the shares issued to Saracen and \$4,500,000 shall be settled through a cash payment from Red 5 to Saracen. The issue of any deferred consideration shares is subject to shareholder approval.

In addition, Saracen will be entitled, subject to any necessary shareholder approval and if required, ASX waiver, to anti-dilution rights for a period of 12 months from Completion. In the event that share issuances by Red 5 in the 12 months following Completion would otherwise dilute Saracen’s shareholding below 10.54% Saracen is entitled to be issued such number of shares, at the same price at which the dilutive shares were issued, so that it is able to maintain that shareholding percentage.

Completion of the acquisition is scheduled for 30 September 2017 and remains conditional upon any required FIRB or regulatory approval, Ministerial consent and consent from a KOTH royalty holder.

As part of the transaction, Red 5 will assume rehabilitation and environmental liabilities on the KOTH project estimated at \$14 million.

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<sup>7</sup> As at 30 June 2017 - Saracen Resource and Reserve Statement dated 2 August 2017

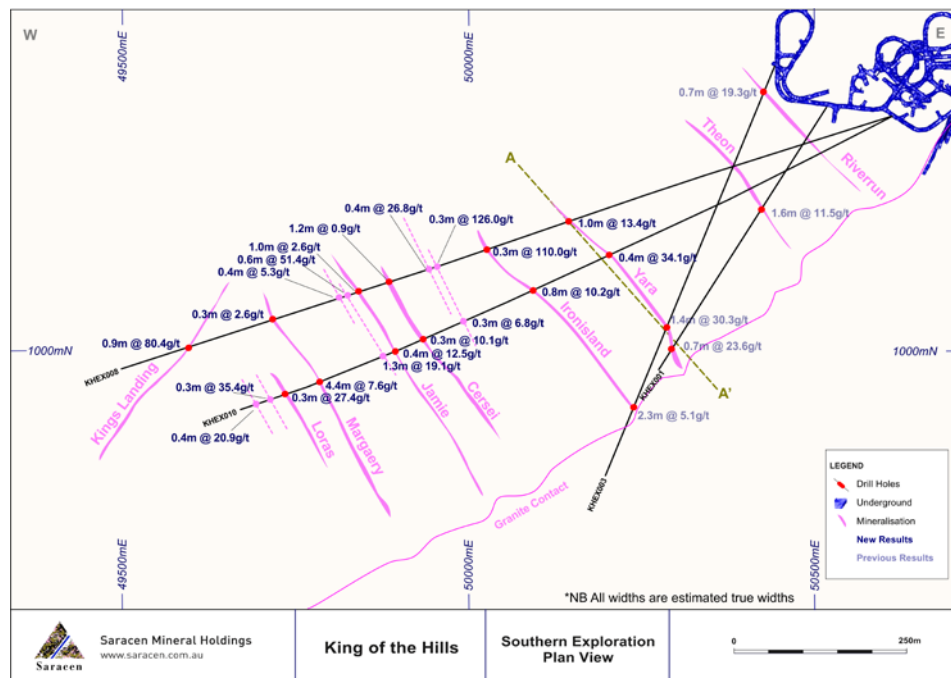


## KOTH – Proposed Development Strategy and Potential

### Underground Mining Potential

Saracen undertook a 6-month trial underground mining campaign at KOTH in late 2016, largely designed to provide a self-funding exploration stream to explore the depth potential of the northern ‘near mine’ opportunities of KOTH, as well as exploration on the southern extremities of the mineralisation.

Based on the results of this work, Saracen developed an entirely new geological model for KOTH and developed a new underground mine design which envisages two mining areas in the southern and central portions of the mine.



**Figure 4: Southern and Central Proposed Mines.**

This updated mine plan is currently being assessed by SRK Consulting as the basis for a near-term underground development.

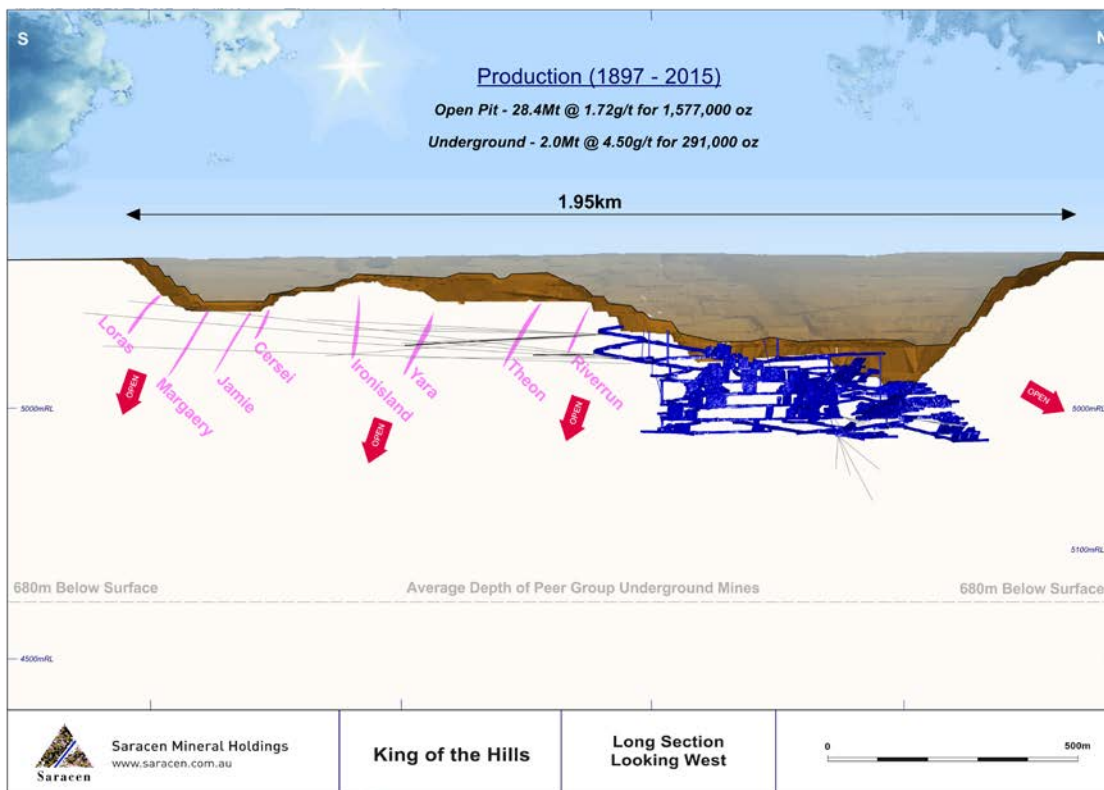
### Exploration Potential

The KOTH orebody is located on a major shear-hosted gold system, with the underground mineralisation remaining open in all directions. Exploration conducted by Saracen in late 2016 delivered drilling results that demonstrate substantial exploration upside, including<sup>8</sup>:

- 4.5m at 23.1g/t Au
- 2.5m at 22.2g/t Au
- 0.3m at 126g/t Au

Saracen has identified multiple lodes extending to over 1.95km and remaining open at depth, providing numerous exploration drilling targets.

<sup>8</sup> Refer to Saracen Mineral Holdings ASX Announcements dated 7 September 2016 and 7 December 2016 for full details of exploration results.



**Figure 5: KOTH exploration potential. Historic mining by Saracen and St Barbara shown in blue.**

### *Integration Sequence*

The proposed integration sequence for the KOTH project is summarised as:

#### Stage 1 (pre-Completion)

- Operational planning
- Delineate stope areas within existing resource base for extraction
- Develop a costed mine schedule

#### Stage 2 (1-3 months)

- Detailed review of underground geology
- Determine optimal mining strategy
- Commence review of LOM mine plan
- Progress heap leach study

#### Stage 3 (3-6 months)

- Implement operational plan – initially focused on existing KOTH North Mine
- Commence Resource definition drill program
- Commence development of Central Mine
- Commence exploration strategy

## **CAPITAL RAISING AND STRATEGIC FUNDING INITIATIVES**

### *Rights Issue*

In order to assist in the funding of the upfront cash component of the Darlot acquisition cost, Red 5 intends to launch a partially underwritten non-renounceable rights issue to raise up to approximately \$12.7 million (before costs) (**Rights Issue**).

Under the Rights Issue, eligible shareholders will be able to subscribe for one (1) new share for every three (3) existing shares they hold at an issue price of \$0.05 per share.

The Rights Issue will be partially underwritten via Gold Fields to \$8.5 million which includes a sub-underwriting commitment by Saracen to \$1.5 million, subject to shareholder approval to place the shortfall.

An additional placement by way of top up of shares to Gold Fields and Saracen may be required after close of the Rights Issue, subject to shareholder approval at an EGM and, if required, a waiver from ASX Listing Rule 6.18, in the event that the Rights Issue shortfall is not sufficient to retain Gold Fields' relevant interest in Red 5 at 14.54% and Saracen at 10.54% after the close of the Rights Issue.

#### *Use of Funds*

The funds raised through the Rights Issue will assist in the funding of the initial cash consideration for the Darlot Transaction and working capital.

#### *Pro-forma Capital Structure*

	Shares (Million)
Current shares on issue	763.8
Shares to be issued to Gold Fields	130.0
Shares to be issued to Saracen	90.0
Shares to be issued under the Rights Issue	254.6
<b>TOTAL SHARES FOLLOWING COMPLETION OF THE TRANSACTIONS *</b>	<b>1,238.4</b>

\* Note possible additional placement of shares after close of Rights Issue to Saracen and Gold Fields if Rights Issue shortfall is not sufficient to retain Gold Fields' relevant interest in Red 5 at 14.54% and Saracen at 10.54% via their underwriting and sub-underwriting.

In addition to the Rights Issue, a working capital debt facility of between \$10-\$15 million is also being considered by Red 5.

Indicative Timetable		
1.	KOTH Transaction and Darlot Transaction executed	3 August 2017
2.	Announcement of Transactions and Rights Issue funding	3 August 2017
3.	Rights Issue offer to be launched	15 August 2017
4.	Extraordinary General Meeting of shareholders	20 September 2017
5.	Close of Rights Issue	21 September 2017
6.	Allotment of Rights Issue new shares and shortfall	30 September 2017
7.	Completion of KOTH Transaction and Darlot Transaction	30 September 2017
8.	Deferred Consideration to Saracen (cash or shares) and if elected, shares to Gold Fields*	30 September 2018
9.	Deferred Consideration to Gold Fields, if not issued at 12 months (cash or shares)	30 September 2019

#### **Important notice**

The timetable above is subject to change without notice. Red 5 reserves the right to amend any and all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The Rights Issue timetable is an intention only and yet formally settled and approved by ASX.

\* Subject to escrow until 24 month anniversary unless otherwise determined.

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## MANAGEMENT COMMENT

Commenting on the transactions, Red 5 Managing Director, Mark Williams, said:

*“The transactions announced today mark the beginning of an exciting new chapter for the Red 5 Group. We have entered into binding agreements to acquire two significant West Australian gold assets which, together, establish the foundations for a long-term consolidation and growth strategy in one of Australia’s most prolific and active gold districts, the Leonora-Leinster region of WA.*

*“The cornerstone of this strategy is the proposed acquisition of the Darlot Gold Mine from Gold Fields – a transaction which allows the Red 5 Group to transition immediately back into gold production at a well-established gold mine in Australia where we can leverage our operational experience and capabilities.*

*“Darlot has produced over 2.7 million ounces of gold over its 28-year history but, like many large gold systems in WA’s Eastern Goldfields, offers a vast amount of growth and upside potential. Our immediate focus will be to optimise the existing mining operation and evaluate the opportunities that exist to extend the life well beyond the current defined Ore Reserves.*

*“In parallel with this, we will immediately begin work to examine development options for our second key project, the King of the Hills Project, which we are acquiring from Saracen Minerals. This is a strategic asset which we believe can be enhanced due to its proximity to Darlot as a central processing hub, its grade, and the extensive studies and trial mining activities already completed by Saracen.*

*“Collectively, these acquisitions represent the cornerstone of a consolidation strategy which puts Red 5 in an ideal position to establish Darlot as a central processing facility capable of unlocking many undeveloped gold deposits within this region,” Mr Williams added.*

*“The transactions are structured in a way that will see both Gold Fields and Saracen emerge as significant shareholders in Red 5. This reflects their confidence in the experience and capabilities of Red 5 and the soundness of the consolidation strategy we are pursuing.”*

Also commenting on the transactions, Red 5 Chairman, Kevin Dundo said:

*“Over the past 12 months the Red 5 Board has been focused on diversifying the Company’s asset base and has patiently and carefully reviewed many opportunities that have been presented to us. The transactions that have been announced today represent the culmination of a very thorough and detailed due diligence process by Red 5, and I am confident that Darlot and King of the Hills will play an important role in delivering long-term value to shareholders.*

*“In parallel with this new growth strategy, the Red 5 Group is committed to extracting maximum value from its Philippines assets and will continue to maintain its high-quality gold assets, which include a substantial gold inventory at the Siana Gold Project, a modern 1.1Mtpa treatment facility, an open pit mine and a part-developed underground mine.”*



## ENDS

### For more information:

#### Investors/Shareholders:

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#### Media:

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Tel: +61-8 9388 1474

#### Competent Person Statement - Darlot

A competent person has not done sufficient work to classify the foreign estimates as Exploration Results, Mineral Resources or Ore Reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition) ("JORC 2012") and it is therefore uncertain that following evaluation and/or further exploration work the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC 2012. However, Mr Byron Dumbleton, Member of the Australian Institute of Geoscientist (Member No 1598) has confirmed that the information that has been provided under ASX Listing Rules 5.12.2 to 5.12.7 in relation to Darlot is an accurate representation of the available data and studies for Darlot referred to in this announcement, as certified by the SAMREC compliant report listed in Annexure A. Mr Dumbleton is a full-time employee of Red 5 Limited and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC 2012. Mr Dumbleton consents to the inclusion in this announcement of this information in the form and context in which it appears.

#### Competent Person Statement – King of the Hills

The information in the announcement to which this statement is attached that relates to Exploration Results and Mineral Resources related to King of the Hills as certified by the JORC 2012 compliant report referred to in this announcement, is based upon information compiled by Mr Byron Dumbleton, a Competent Person who is a member of the Australian Institute of Geoscientists (Member No 1598). Mr Dumbleton is a full-time employee of Red 5 Limited and 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 JORC 2012. Mr Dumbleton consents to the inclusion in the announcement of matters based on his information in the form and context in which it appears.

#### Forward-Looking Statements

Certain statements made during or in connection with this report 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.

## ANNEXURE A

ASX Listing Rule 5.12 Darlot - Mineral Resource Estimate		
<b>5.12.1</b>	<i>The source and date of the historical estimates or foreign estimates.</i>	<p>Gold Fields Mineral Resource and Mineral Reserve Supplement 2016  <a href="https://www.goldfields.co.za/reports/annual_report_2016/integrated/downloads.php">https://www.goldfields.co.za/reports/annual_report_2016/integrated/downloads.php</a></p> <p>Gold Fields Darlot Site Visit Presentation 14 July 2014  <a href="https://www.goldfields.co.za/pdf/investors/presentation/2014/australia-site-visits/darlot-gold-mine.pdf">https://www.goldfields.co.za/pdf/investors/presentation/2014/australia-site-visits/darlot-gold-mine.pdf</a></p>
<b>5.12.2</b>	<i>Whether the historical estimates of foreign estimates use categories of mineralization other than those defined in Appendix 5A (JORC Code) and if so an explanation of the differences.</i>	The September 2016 foreign estimate for Darlot was subdivided, in order of increasing geological confidence, and categorized as Measured, Indicated and Inferred Mineral Resources as defined by The South African code for the reporting of exploration results, mineral resources and mineral reserves (the SAMREC Code of 2016). The SAMREC definitions are similar in definition as Appendix 5A (JORC 2012 Code)
<b>5.12.3</b>	<i>The relevance and materiality of the historical estimates or foreign estimates to the entity.</i>	The foreign estimate is relevant as it pertains to a project that could be economically viable for the entity.
<b>5.12.4</b>	<i>The reliability of the historical estimates or foreign estimates, including by reference to any of the criteria in Table 1 of Appendix 5A (JORC CODE) which are relevant to understanding the reliability of the historical estimates or foreign estimates.</i>	All criteria in Table 1 of Appendix 5A have been addressed in the foreign estimate.
<b>5.12.5</b>	<i>To the extent known, a summary of the work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical estimates or foreign estimates.</i>	<p>Darlot resource models are estimated using ordinary block kriging, simple block kriging and inverse distance squared weighting estimation estimate gold. In addition, categorical indicator estimation has been used to identify areas of non-mineralised lamprophyres using the sample data not contained within grade control interpretations. Indicator estimation has also been used to define the limits of gold estimation domains. The final estimation domain coding is a combination of the lode, lithology and gold estimation domain.</p> <p>The Darlot block models use the mineralisation lode and lithology interpretations as the basis for the domains for grade estimation.</p> <p>Statistics of the composited data were prepared to:</p> <ol style="list-style-type: none"> <li>1) Assess the skewness of the gold grade distributions to determine domains that required top cuts to be applied.</li> <li>2) Produce declustered means as input for the simple kriging process, and for validation purposes.</li> </ol> <p>Top cutting: The gold grade distributions were assessed to determine the top cut threshold based on the skewness, presence of outliers and the coefficient of variation. Top cut thresholds were deemed to be required for various domains. The top cuts were applied to the composited data prior to grade estimation.</p>

		<p>Variography: The grade continuity of gold was assessed for major domains using Supervisor software and the composited sample data.</p> <p>All required information about the Mineral Resource is captured in a 3D block model. This includes estimated characteristics of gold and statistical characteristics such as number of samples used in an estimate, distances to the nearest samples, number of drill holes used, geological rock codes and dry densities.</p> <p>QA/QC programs were rigorously monitored to verify database integrity.</p>
<b>5.12.6</b>	<i>Any more recent estimates or data relevant to the reported mineralization available to entity.</i>	There are no more recent estimates relevant to the reported mineralization. As Darlot is an operating mine, resource and reserve estimates for grade control are conducted on a regular bases including resource and reserve depletion and/or addition.
<b>5.12.7</b>	<i>The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with Appendix 5A (JORC Code).</i>	The exploration and evaluation work on the project has been completed to a level that is in accordance with Appendix 5A (JORC Code).
<b>5.12.8</b>	<i>The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and comment on how the entity intends to fund that work.</i>	Red 5 Limited is not aware of any exploration work or activities planned to be undertaken by the entity.
<b>5.12.9</b>	<i>A cautionary statement proximate to, and with equal prominence as, the reported historical estimates or foreign estimates.</i>	Red 5 Limited cautions that the mineral resources for the project are not reported in accordance with the JORC Code. A competent person has not yet done sufficient work to classify the resources as mineral resources in accordance with JORC code. It is uncertain that following evaluation or further work that the foreign estimate will be able to be reported as mineral resources in accordance with JORC Code.
<b>5.12.10</b>	<i>A statement by a named competent person or persons that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The statement must include the information referred to in rule 5.22(b) and (c).</i>	A competent person has not done sufficient work to classify the foreign estimates as Exploration Results, Mineral Resources or Ore Reserves in accordance with the JORC 2012 and it is therefore uncertain that following evaluation and/or further exploration work the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC 2012. However, Mr Byron Dumpleton, Member of the Australian Institute of Geoscientist (Member No 1598) has confirmed that the information that has been provided under ASX Listing Rules 5.12.2 to 5.12.7 in relation to Darlot is an accurate representation of the available data and studies for Darlot referred to in this announcement, as certified by the SAMREC compliant report referred to above. Mr Dumpleton is a full-time employee of Red 5 Limited and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC 2012. Mr Dumpleton consents to the inclusion in this presentation of this information in the form and context in which it appears