

25 February 2021

Half-Year Financial Results for 6 Months to 31 December 2020

Summary

- Sales revenue of \$97.71 million for the six months to 31 December 2020.
- Combined gold production from Darlot and King of the Hills (KOTH) of 41,817oz and gold sales of 42,344oz.
- Gross profit from operations of \$6.85 million. Net loss after income tax of \$1.78 million.
- Underlying EBITDA^(*) of \$11.89 million.
- Net cash flow from operating activities of \$17.08 million.
- \$98.5 million in cash and metal accounts at period end.

(*) Underlying EBITDA is an unaudited non-IFRS measure.

Red 5 Limited (ASX: RED) (“**Red 5**” or “the **Company**”) today announces its financial results for the half-year ended 31 December 2020.

The past half-year period saw the Company maintain steady-state gold production from its Darlot and King of the Hills (KOTH) gold mines, located in the Eastern Goldfields region of Western Australia, and commence construction of a new, stand-alone bulk mining and processing operation at KOTH.

A Final Feasibility Study for the KOTH bulk mining and processing operation was completed in September 2020. The study delivered a 2.4Moz Ore Reserve and an initial 16-year mine life, with peak gold production forecast at 203kozpa in FY24 and average production of 176kozpa for the first six years of mine life.

Bulk earthworks and construction activities commenced at KOTH in November 2020. Red 5 is finalising the debt financing for the KOTH project with a Tier 1 banking syndicate, which is expected to be completed in the March 2021 Quarter. The Project is on-track to deliver first gold production from the KOTH processing plant in the June 2022 Quarter.

During the six months ending 31 December 2020, the Company delivered total gold production from Darlot and KOTH of 41,817oz, recovered from 522,532 tonnes of ore processed at an average head grade of 2.73g/t Au.

Gold sales of 42,344oz for the half-year underpinned sales revenue of \$97.71 million, resulting in a gross profit from operations of \$6.85 million and a net loss after income tax of \$1.78 million.

The net loss reflects the impact of a lower gross profit during the reporting period due to lower ounces of gold sold and a lower average head grade associated with mining in remnant areas. The Company implemented a series of improvement projects during the December 2020 Quarter to improve the grade profile and de-risk the remnant stopes at Darlot going forward (see December 2020 Quarterly Report, released 28 January 2021, for further details).

Red 5 Limited

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ASX: **RED**

Shares on issue: **1,971M**

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Investments in sustaining and growth initiatives for the period totalled \$28.45 million, including construction for the new bulk mining operation at KOTH, mine development costs at Darlot and KOTH and exploration and evaluation costs at Darlot and Darlot's satellite deposits of Great Western and Cables & Mission.



Figure 1: Current site of the future KOTH mill, with bulk earthworks sufficiently progressed to allow the concrete contractor to commence. Construction of CIL tank foundations have started, and the Raw and Process Water Ponds earthworks are in progress.

Production from the new Great Western satellite open pit mine commenced in February 2021. Ore from Great Western will substitute the ore feed into the Darlot mill from the KOTH underground operation, with the KOTH underground mine now on care and maintenance to preserve the ore for the new KOTH processing plant.

The Company's cash and bullion balance at the end of the reporting period was \$98.5 million.

\$7.0 million was repaid towards the Macquarie Working Capital Facility during the period, with the remaining balance of \$5.0 million due to be repaid by 30 June 2021.

Outside of its asset base in the Eastern Goldfields region of Western Australia, the Red 5 Group is also continuing to evaluate its preferred plan for the Siana Gold Project, where mining operations are suspended.

Commenting on the December 2020 half-year results, Red 5's Managing Director, Mark Williams, said:

"This has been an important period for Red 5, with the delivery of the Final Feasibility Study for the development of a bulk mining and processing operation at King of the Hills and the steady ramp-up of early construction activities on site.

"We are also well underway with implementing a transitional production strategy for the Darlot mill, which has seen mining operations cease at King of the Hills to preserve ore for the new on-site processing plant, and the start of mining at the Great Western satellite open pit.

"Red 5 now stands to benefit from the significant investments it has made in growth and development programs in the past two years. The Company is well-positioned to be elevated into the ranks of Australia's mid-tier gold producers through the development of its major new gold mine at King of the Hills."

ENDS

Authorised for release by the Board.

For more information:

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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.

Red 5 confirms that all the material assumptions underpinning the Final Feasibility Study production targets on the King of the Hills project (see ASX release dated 15 September 2020), or the forecast financial information derived from a production target, in the initial public reports continue to apply and have not materially changed.