

2016 Annual General Meeting – Chairman’s Address

I am pleased to report that Red 5 has been able to deliver against the key objectives outlined at last year’s Annual General Meeting – posting a strong operational and financial performance for the year; meeting or exceeding our targets in the areas of community, sustainability, stakeholder relations and the environment; and laying the foundations for our continued growth as a low-cost gold producer operating in the Philippines.

Firstly, the Siana Gold Project delivered a strong and consistent operational performance with gold production of 59,663 ounces for the 2016 financial year. Importantly, this result was achieved with an exceptional safety record, with zero Lost Time Injuries for the 2016 financial year and a Total Recordable Injury Frequency Rate that was well below the industry average.

Open pit mining operations transitioned into the deeper parts of the mine over the course of the year, with a decrease in the ore-to-waste strip ratio resulting in a decrease in operating costs and a planned reduction in the mobile mining fleet. All-In Sustaining Costs fell significantly between the March 2016 and September 2016 quarters.

The increased production volumes and lower operating costs delivered in the second half of the year enabled Red 5 to post a net profit after tax for FY2016 of \$21.6 million, with a cash balance of \$18.2 million at financial year-end and no gold or currency hedging in place. These positive trends have continued into the first half of the current financial year, with gold production of 17,062 ounces for the September 2016 quarter and All-In Sustaining Costs falling further to A\$1,035 per ounce.

In addition to delivering a solid operational and financial performance, the Company has also been able to establish a pathway to extend the mine life at Siana by transitioning to a long-term underground mining operation. An updated Feasibility Study for the Siana underground development was completed in June 2016, confirming a technically and economically viable project. Based on the results of the Feasibility Study and the ability to deliver significant long-term value to shareholders, approval was given for the Siana underground development, which is now underway.

The Group’s aim is to transition to underground mining following the completion of the open pit. The Feasibility Study defined an underground operation capable of producing approximately 60,000 ounces of gold per annum over an 8-year mine life, underpinning ongoing operations at Siana until at least 2026. This will secure our position in the highly-prospective Surigao del Norte region of the Philippines well into the future.

Preliminary development activities undertaken recently for the underground mine have led to the identification of capital and operating cost savings of approximately US\$20 million. The maximum draw-down capital cost, staged over 27 months, is now estimated to be US\$49.5 million, including a US\$4.2 million contingency, compared with the original estimate of US\$60 million, including a US\$5 million contingency. The forecast All-In Sustaining Cost has also been revised downward to US\$800-US\$850 per ounce.

This is an excellent result for the Group, which highlights the significant opportunities in the current market environment to reduce capital and operating costs with a new mine development. Our Managing Director, Mark Williams, will provide a full update on the progress of the Siana underground development in his presentation later in the meeting.

Another key objective outlined at last year’s AGM was to progress opportunities to secure additional sources of ore feed to further extend the mine life at Siana. Achievements in this regard during the year included the definition of a maiden resource for the Mapawa Copper-Gold Project, 20km north of Siana, and the commencement of a Feasibility Study to assess the potential to establish this deposit as a satellite source of ore feed for the Siana processing plant.

Further exploration activities are also planned at Mapawa with the aim of increasing the current Mineral Resource base to enable a potential stand-alone gold operation to be developed.

Outside of Mapawa, our exploration team has been hard at work conducting a detailed assessment of our regional tenements to identify priority targets for drill testing. Highly prospective targets have been identified in the Alegria-Madja region to the south of the Siana pit, with drilling scheduled to commence before the end of the year.

Importantly, the positive results delivered over the past 12 months have been achieved with a strong commitment to social responsibility – with a focus on continually improving our performance in the areas of health and safety, environmental management and community engagement.

I am delighted by the recent achievement of Greenstone Resources Corporation (Red 5's Philippine affiliated company which is the operator of the Siana Gold Project), being awarded the 2016 Presidential Mineral Industry Environmental Award (PMIEA) Platinum Achievement Award at the 63rd Annual National Mine Safety and Environment Conference held in Baguio City in the Philippines, last Friday.

The Siana Gold Project is a significant contributor to local communities in the Surigao del Norte Province and to the regional economy of the Philippines. In addition to providing direct and indirect employment for more than 1,000 people, we contribute significant expenditures on local procurement, national and local taxes and through our Social Management Development Program, with additional contributions to Indigenous Peoples and local communities.

During the year, the Philippines Department of Environment and Natural Resources conducted audits of major mining operations in the Philippines – including Siana – to determine their compliance with regulatory requirements. The audits covered the areas of safety, health, environmental, social and general compliance. Following completion of the audit, Greenstone Resources Corporation was cleared to continue operations at the Siana Mine.

Turning to the outlook for the year ahead, it is important to note that pit wall stability has always been, and continues to be, an ongoing challenge at Siana – and the Group's mining operational team continues to closely monitor the pit walls as part of normal operating procedures. We are aiming to achieve our gold production targets from the open pit without disruption from weaker areas of ground in the south-eastern and northern portions of the open pit.

We intend to take a cautious approach and we are currently investigating a revised open pit mining schedule for the 2017 calendar year. Gold production for the December 2016 Quarter is forecast at 17,000 to 20,000oz. Once the review of the 2017 open pit mining strategy is complete, we will be in a position to provide further details on the outlook for the remainder of the open pit life.

I believe the positive achievements we have delivered over the course of the 2016 financial year – coupled with the growth foundation provided by the Siana underground development – will allow Red 5 to continue to capitalise on the strong gold market environment and deliver growth and returns for our shareholders. In this regard, the Board is focused on delivering returns to shareholders by way of dividend payments, initially from free cash flow from the open pit in the 2017 calendar year and from the underground mine in future years.

A final decision regarding the payment of a dividend will be subject to working capital requirements and will be made after taking into consideration the capital requirements for the transition to underground operations, which will secure the long-term future of the Company; the outcome of the review of the 2017 open pit mining strategy; and our progress on obtaining approval and commencing construction for the long-term tailings storage facility.

The Company's strong position would not have been achieved without the hard work of the Red 5 Group's staff and contractors, led by our Managing Director, Mark Williams, and I would like to sincerely thank the entire team for their hard work and commitment to achieving our goals. Thank you also to our loyal shareholders for their ongoing support.

Kevin Dundo
Chairman

22 November 2016

For more information:

Investors/Shareholders:

Kevin Dundo, Chairman
Mark Williams, Managing Director
Joe Mobilia, Chief Financial Officer
Red 5 Limited
Telephone: +61 8 9322 4455

Media:

Nicholas Read
Read Corporate
Tel: +61-8 9388 1474

Competent Person Statements for JORC 2012 Mineral Resource and Ore Reserves

The information in this report that relates to the Mineral Resources for the Siana Underground deposit is extracted from the report titled *704,000oz Mineral Resource for Siana Underground*, dated 23 February 2016 and is available on the ASX web-site. The information in this report that relates to the Ore Reserves for the Siana Underground deposit is extracted from the report titled *Siana Gold Project: Underground Mine Approved for Development Following Completion of Positive Updated Feasibility Study*, dated 14 June 2016 and is available on the ASX web-site. 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.

Production forecast

Red 5 confirms that all material assumptions underpinning the Siana Underground production target and financial information derived from that production target referred to in this report continue to apply and have not materially changed from when first reported on 14 June 2016, within the report titled *Siana Gold Project: Underground Mine Approved for Development Following Completion of Positive Updated Feasibility Study*, which is available on the ASX web-site. In addition, the ore reserves underpinning the production forecast for the Siana Open Pit in this report are probable ore reserves and have been prepared by a competent person in accordance with the requirements of JORC 2012.