

Chairman's Address

General Meeting - 20 September 2017

It is my pleasure to welcome you to this General Meeting of Red 5 Limited, which marks a significant turning point in the Company's history as an ASX-listed gold company.

I am pleased to have this opportunity to make some brief comments on the transformational growth strategy outlined by the Company last month, centred on the acquisition of an asset portfolio in the Eastern Goldfields region of Western Australia.

At the heart of this strategy is a binding agreement to acquire the operating Darlot Gold Mine, from a wholly-owned subsidiary of the international gold producer Gold Fields Limited, and a separate binding agreement to acquire the King of the Hills Gold Project from mid-tier Australian gold producer, Saracen Mineral Holdings.

We believe that these proposed acquisitions – which are scheduled for completion early next month, in conjunction with a \$12.7 million rights issue – mark the start of an exciting new chapter for the Red 5 Group, delivering immediate gold production and cash-flow and giving us a strategic footprint in the world-class Leonora-Leinster mineral district of Western Australia, one of Australia's most prolific and active gold districts.

It is worth pausing to reflect that, following a challenging period in the latter half of the 2017 financial year where the long-term operational strategy at the Siana Gold Project in the Philippines was hampered by regulatory delays and political uncertainty over mining policy within the Philippines Government, we have been able to execute a business development strategy which has delivered significant outcomes for the Company in a very short space of time.

This strategy, which was devised and implemented by our management team, has given us the opportunity for the Red 5 Group to return to gold production following a hiatus of six months after the suspension of operations at Siana in April 2017. This allows us to fully utilise the strong technical and operational capabilities within our organisation, while retaining the ability to maximise value from our extensive Philippines assets in the future.

The cornerstone of Red 5's transformation into a significant new Australian gold producer is the Darlot Gold Mine, located 120km north of Leonora in Western Australia.

Darlot is an operating gold mine which has produced approximately 2.7 million ounces of gold over a 28-year operating history. Historical production has averaged around 94,000 ounces per annum since 1989, with production of 66,000 ounces in 2016. The Darlot Gold Project includes a fully operational 830,000 tonne per annum gold processing plant which was refurbished between 2010 and 2013 for a total cost of \$17 million, and has been well-maintained.

The Darlot project also includes an existing Mineral Resource, a mining camp and extensive on-site infrastructure, and a total land-holding of approximately 13,900 hectares. Red 5 considers the Darlot processing plant to be the key to unlocking numerous isolated gold deposits that lie within a 100km radius of the mining operation. The first deposit to be secured under this strategy is the King of the Hills Project, located approximately 80km south of Darlot.

The King of the Hills acquisition includes an existing Mineral Resource, a new underground mine design developed by Saracen following a 6-month trial underground mining campaign, established site infrastructure and an almost 12,000 hectare tenement holding with significant exploration potential.

We believe that this opportunity to simultaneously acquire both the Darlot and the King of the Hills Projects represents a unique and compelling investment proposition. Our proposed operating strategy for the current Darlot mining operation is to increase the recovery of existing resources and thereby extend the mine life. The Company will then combine production from the Darlot mine plan with the KOTH ore, aiming to increase the Darlot processing plant to capacity and spread the fixed overhead costs over an increased production profile.

More importantly, we also believe that both Darlot and King of the Hills offer substantial upside potential. Both projects come with extensive drilling and exploration datasets, with excellent vectors for follow-up exploration. Our aim is to expand the resource base within both project areas to underpin an increase in the mine life across these two initial mining operations.

Our Eastern Goldfields strategy is further enhanced by the large number of undeveloped gold deposits that lie in close proximity to Darlot that do not currently have access to a gold processing facility.

We believe the refurbished 830,000 tonne per annum gold mill at Darlot can be the foundation for a long-term consolidation and growth strategy in the Eastern Goldfields, providing the opportunity for Red 5 to establish a regional processing hub at Darlot to unlock other gold deposits within the region, including potential bolt-on acquisitions.

The Darlot and King of the Hills acquisitions bring two quality Australian gold assets into Red 5's portfolio, providing an opportunity for the Company to diversify our asset portfolio at a time of considerable regulatory and political uncertainty in the Philippines, whilst still retaining significant inherent value in the Group's Philippine assets.

We continue to closely monitor political and regulatory developments in the Philippines, with the expectation that the Red 5 Group may be in a position to either re-commence gold production from the Siana Gold Project in the future, providing a second production centre alongside the Easter Goldfields, or pursue other strategies to maximise the inherent value of the large resource inventory and infrastructure base in the Philippines.

The purchase consideration for the Darlot and King of the Hills acquisitions includes the issue of 130 million Red 5 shares to St Ives Gold Mining Company, as nominee of Gold Fields Limited, and 90 million shares to Saracen Mineral Holdings, with the shares to be issued at a deemed issue price of 5 cents per share and with all consideration shares to be escrowed for a period of 12 months.

This will see both Gold Fields (via its nominee) and Saracen join the Red 5 share register as major shareholders, indicating their support for the Company's growth strategies. On that basis, we are also seeking shareholder approval to issue an additional number of top-up shares to enable both Gold Fields and Saracen to maintain their relevant shareholdings in Red 5 following completion of the transactions and the rights issue.

Full details of the proposed share issues have been provided in the Notice of Meeting and accompanying Explanatory Memorandum that was sent to all shareholders.

We believe this combination of two established assets in the Eastern Goldfields is an excellent outcome for Red 5 and the Board acknowledges the support by shareholders for this consolidation strategy.

Kevin Dundo

Chairman

20 September 2017

For more information:

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