

24 June 2020

Operations, Production and Guidance Update

Red 5 announces transitional production strategy based on the inclusion of the Great Western satellite mine into the Darlot Mining Hub mine plan for FY21; Current underground mining at King of the Hills to be progressively scaled-down in 2H CY2020 in advance of the planned start of construction activities for the proposed stand-alone bulk mining and processing operation

- With the recently completed acquisition of the Great Western Project in April 2020, the opportunity is being taken to commence open pit mining from the December Quarter 2020 and progressively scale down underground ore production at King of the Hills (“KOTH”) in the second half of CY2020. This will coincide with the planned start of site construction for the proposed bulk mining operation at KOTH.
- In FY21, the Darlot Mining Hub is forecast to produce 90,000oz – 98,000oz at an average All-In-Sustaining-Cost of \$1,830/oz - \$2,030/oz, sourced from the Darlot Underground Mine, KOTH Underground Mine (until the December 2020 Quarter) and the commencement of open pit mining at Great Western.
- As part of the Darlot Mining Hub strategy, Red 5 has recently secured adjacent tenements from Kingwest Resources Limited (acquired in April 2020, see Figure 1). This acquisition complements the extensive tenement package surrounding the Darlot Gold Mine, including Ockerburry, Great Western and Cables and Mission (acquired in May 2020).
- Red 5 has completed a detailed review of its Darlot gold mining operations, with the changes implemented in May 2020 resulting in a noticeable improvement in mine dilution and recoveries now in line with budgeted grades. However, the mining dilution issues experienced in the March 2020 Quarter did continue to impact production in the first half of the June 2020 Quarter.
- The subsequent improvement in mine performance has increased confidence in the long-term stability and profitability of the Darlot mining operations.
- While the Darlot processing plant has consistently operated above its designed capacity, a recent crusher breakdown has resulted in lost production of ~3,200oz which, together with lower than forecast average mining grades as a result of dilution, has resulted in production for the June 2020 Quarter of ~21,000oz (compared with guidance of 26,000 – 30,000oz). FY20 production is expected to be ~93,000oz (compared with guidance of 98,000 – 102,000oz). In relation to the Darlot Mill, management is satisfied that the approved capital and maintenance budget is appropriate to enable stable production in FY21.
- The KOTH Final Feasibility Study remains on track for the September 2020 Quarter. A progress update on the study will be released shortly.

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MANAGEMENT COMMENT

Red 5 Managing Director, Mark Williams, said the transitional production strategy for the Darlot Mining Hub has mapped out a clear direction for the Company over the next 18-24 months as it moves towards the proposed start of construction of the new stand-alone bulk mining and processing operation at King of the Hills.

“The decision to commence open pit mining at Great Western and scale down underground mining at KOTH during the second half of 2020 is consistent with our previously articulated growth vision of establishing a major new production hub at KOTH and developing an expanded long-life mining and processing hub at Darlot.

“While we are disappointed that Darlot production has again been impacted in the short term due to the issues outlined in this release, we are confident that the measures implemented will stabilise production and improve predictability to put us on track to achieve our FY21 forecast.

“This transitional production strategy is a critical step towards establishing two independent long-life production hubs in the Eastern Goldfields as the foundation for a significant mid-tier Australian gold producer.”

Red 5 Limited (“Red 5” or “the Company”) (ASX: RED) provides an update on operations, production and guidance for FY20 and FY21 for the Darlot Mining Hub.

The production strategy is focused on establishing a sustainable and profitable long-term production profile for the Darlot Mining Hub as an independent production centre operating alongside the proposed stand-alone bulk mining operation at King of the Hills (KOTH).

1. Mine Operations Review

Since acquiring and integrating the Darlot and King of the Hills mines in October 2017, Red 5 has been undertaking a progressive strategy to profitably mine from the existing underground mines, conduct significant exploration programs at both KOTH and Darlot and develop the bulk mining feasibility plans for KOTH.

When acquired, both mines had less than six months of Ore Reserves. Red 5 management has been able to execute successful mining programs with limited high-grade Reserves. The life of both mines has been progressively expanded. A key addition at Darlot was the Oval West discovery in 2018, which was mined in 2018 and 2019. However, the high-grade stopes from Oval West are now largely depleted.

Separately, the Darlot processing plant, despite its age, has also operated efficiently with only minor production interruptions since the March 2018 Quarter. However, a series of unplanned outages in the March and June 2020 Quarters have had a considerable impact on the performance of the current year operations. Several preventative maintenance initiatives have been executed this year to improve the long-term reliability of the mill, including:

- A review and trial of Primary Ball Mill liner design, improving flow and stability and reducing or removing pegging and blockages at the discharge grates;
- Crushing Plant structural reinforcement/realignment to reduce spillage, improve conveyor alignment and reduce belt failures, resulting in improved throughput;
- Replacement of the Armoured Chain Conveyor for the Apron Feeder including increasing the size of the Haglan Drive, resulting in improvements in hydraulics, power and delivery;
- Introduction of a tank refurbishment program, including upgrades to the Leach Tank 1 agitator with central oxygen injection and complete rebuilds of Absorption Tanks A2 and A8. These have reduced downtime and increased absorption time to maintain high recovery levels; and
- Installation of primary and secondary gravity concentrators with the installation of a new Falcon unit.

Further, as a result of lower-than-expected gold production in the previous two quarters, the Company has undertaken a comprehensive peer review (mine) and external review (geology) of mining operations and implemented the following changes:

- Addressed gaps in stope design, geology and mining management systems that were contributing to mine grade and dilution under-performance;
- Added specific personnel resources to improve Resource modelling and grade control;
- At KOTH, adjusted stope designs to a combination of bulk mining and high-grade narrow vein stopes to deliver planned ore grades of ~3g/t Au;
- Introduced Short Interval Control and communication between key production areas, ensuring that volume and grade are delivered to plan;
- Implemented crusher improvements and reduced screen/material size, increasing throughput;
- Improved ROM pad and Haulage Contractor management;
- Made improvements to the transparency of mine reconciliation processes; and
- Commissioned an external review (by Optiro) to assess modelling and reconciliation processes.

Since mid-May 2020 (following the implementation of these changes), the Darlot Gold Mine has been producing at rates consistent with initial guidance for the June 2020 Quarter with average head grades improving to ~3.5g/t in June 2020. The variation in grade delivery has also improved from 30% to 5% resulting in reduced dilution and improving mill feed predictability.

2. Mine Operations June 2020 Quarter Update

Despite the positive impact of these operational changes, gold production for the June 2020 Quarter is expected to be ~21,000oz (compared with guidance of 26,000 – 30,000oz), and production for FY20 is expected to be ~93,000oz (compared with guidance of 98,000 – 102,000oz).

The lower production is primarily a result of:

a. ~3,200oz lost due to a recent unplanned net 10-day mechanical shutdown at the Darlot Mill, which required specialist parts for the Crusher to be sourced and transported from overseas

In late May 2020, the Tertiary Crusher experienced a failed drive shaft, which was expected to be a 72-hour unplanned shutdown as all necessary critical spares and parts were understood to be on-site. However, when inspected by the original equipment manufacturer's engineers, the spare eccentric unit on site was found to be out of operational specification. A new eccentric had to be sourced internationally, which took seven days to be air-freighted to site and installed.

To reduce the production impact, the Tertiary Crusher was by-passed, allowing the mill to operate at 50% capacity for several days. The mill was returned to full capacity in June 2020, and the net processing capacity lost is estimated at ~28,000t and 3,200oz of gold production.

b. Lower-than-forecast average grades due to mine dilution

At Darlot, mining of higher geological-risk stopes, particularly around previously-mined areas, has led to underperformance of grades versus plan. In the Thompson workings, significant overbreak occurred when mining two stopes adjacent to historically-mined stopes. Additionally, the current Oval mining area contains a felsic lithology with less grade control information compared to the more usual magnetic dolerite lithology. Airleg mining has also produced at lower than planned grades.

At KOTH, attempts to mine a high-grade lode within the bulk mineralised orebody, together with unplanned overbreak, resulted in reduced average grades. As a result, the planned bulk stope design at KOTH has since been modified, with mining more focused on stoping on the identified structures, reducing stope volume and quantity of ounces.

With the increased focus on improving the expected and actual mill grades, underperforming ore sources were isolated. From mid-May, the mine-to-mill reconciliation was positive, with stopes in the Oval workings at Darlot and 4920 Level at KOTH performing well with additional sources of ore mined as planned and modelled. In June, mine-to-mill grade performance to-date has improved to 3.5g/t.

Corporate

- Following shareholder approval, the Company completed the second tranche of the \$125 million capital raising on 13 May 2020. \$20 million of the proceeds from the capital raising have been allocated for ongoing exploration at Darlot and KOTH.
- The second repayment instalment for the working capital loan facility with Macquarie Bank of \$6.1 million will be paid before 30 June 2020.
- Red 5 will deliver its committed hedge contracts for the June 2020 Quarter totalling 12,000 ounces at \$2,095/oz.

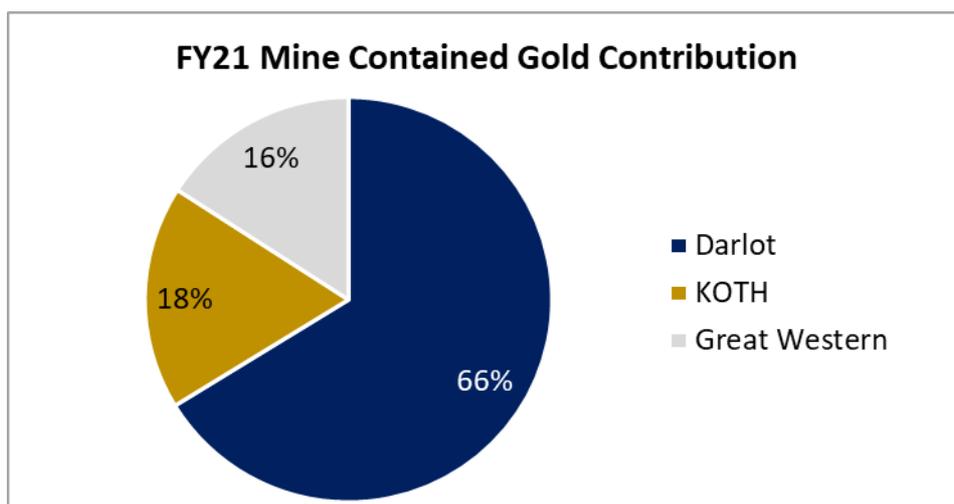
3. FY21 Interim Production Guidance

Gold recovered for FY21 is expected to be in the range of 90,000 – 98,000oz at an AISC of A\$1,830 – A\$2,030 per ounce.

With the recent acquisition of satellite tenements, in particular the mine-ready Great Western Project, Red 5 has reviewed the “truck-to-Darlot” business model. The opportunity is being taken to commence open pit mining at Great Western from the December 2020 Quarter and progressively scale back and suspend underground ore production at KOTH in the second half of CY2020.

The suspension will coincide with the planned start of site construction for the proposed bulk mining operation at KOTH and will preserve shallow underground Ore Reserves for the proposed new 4Mtpa stand-alone mill. Any underground development at KOTH that continues into CY2021 will be focused on developing the mine for the planned new mine.

The Darlot mill will be fed by three mines in FY21.



The majority of the Great Western mine cash contribution will be in FY22. Red 5 mining personnel at KOTH will be utilised at the Darlot and Great Western mining operations during FY21 until the start of the planned stand-alone bulk mining operation at KOTH.

Further FY21 operating cost detail will be provided in the June 2020 Quarterly Activities Report. Ongoing operational and cost efficiency programs are in progress, aimed at reducing operating costs and AISC.

4. Establishing a long-life gold processing hub at Darlot

Red 5’s exploration strategy at Darlot is aiming to establish the Darlot Gold Mine as a stand-alone mining and processing hub, with a targeted 5-10 year mine life, assuming no ongoing contribution of ore from KOTH. Since acquiring Darlot, Red 5 has secured an extensive tenement package adjacent to and within trucking distance of the Darlot mill (refer to Figure 1).

The Darlot mine has an existing substantial Mineral Resource estimate and Ore Reserve base (refer to ASX announcement 10 February 2020: “Resource and Reserve Growth at Darlot Gold Mine”):

- Mineral Resource: 10.8Mt @ 3.5g/t Au for 1.2Moz
- Ore Reserve: 2.6Mt @ 3.3g/t Au for 275koz

Red 5 has recently secured adjacent tenements from Kingwest Resources Limited (see Figure 1). These further complement the extensive tenement package surrounding the Darlot Gold Mine, including Ockerburry, Great Western, Cables and Mission.

In order to deliver on the Darlot Processing Hub strategy, the Company has three targeted workstreams:

- Underground and surface drilling programs to expand the Darlot Mineral Resource.
- Develop regional targets within trucking distance.
- Evaluate new bolt-on acquisitions and prospective tenement applications.

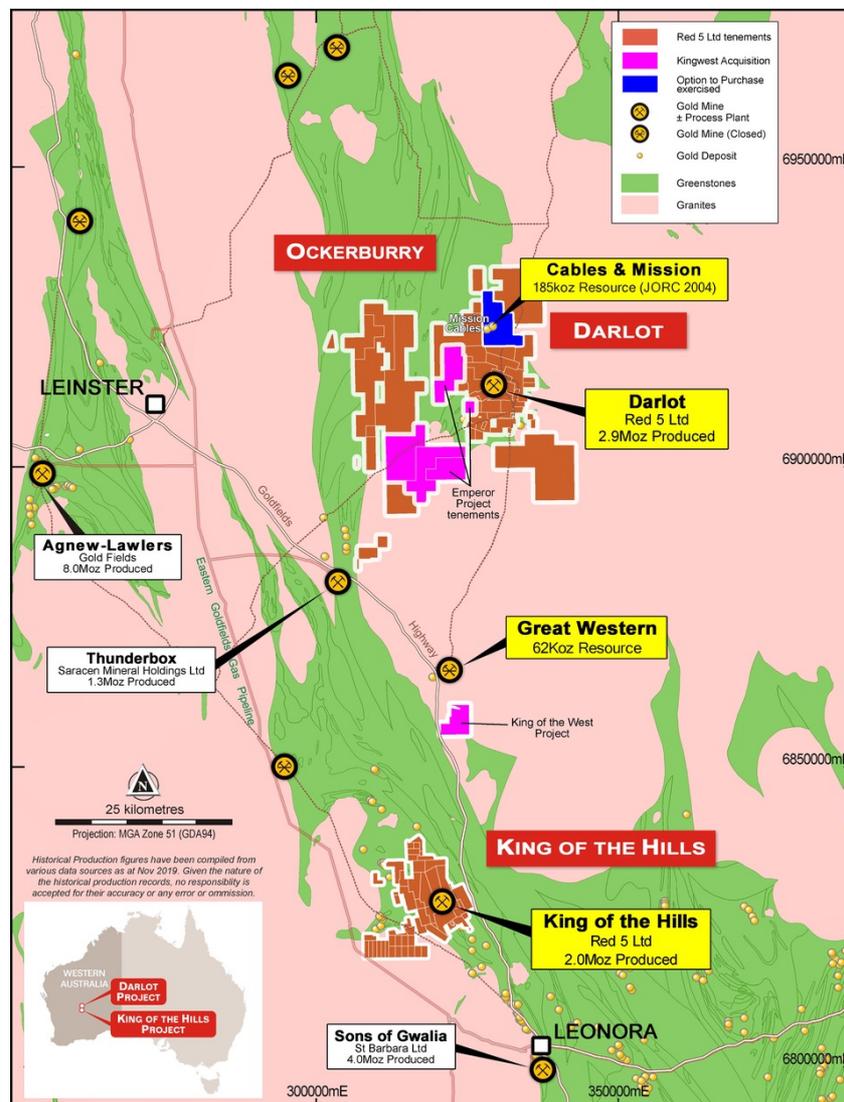


Figure 1: Darlot tenement overview including the recently acquired Kingwest tenement holdings (purple).

a. Ground Acquisition and Consolidation

As part of the Darlot Mining Hub strategy, the Company has recently applied for new tenements and acquired several project tenements from third parties. This includes the successful acquisition of the Great Western Mining Lease and gold deposit (refer to ASX release on 3 April 2020), Mission and Cables deposits (refer to ASX release on 22 May 2020), and tenement applications adjacent to the Ockerburry Project portfolio.

Red 5 also recently acquired an extensive tenement package from Kingwest Resources Limited (Kingwest) in April 2020 for a nominal cash consideration including the highly prospective Emperor and King of the West Projects.

The Emperor tenements (E37/1054, E37/1086, E37/1319, E37/1321 and E37/1322) are adjacent to and complement the Ockerburry Project tenements. They comprise prospective rock units and structures of the Yandal greenstone belt and their contact with the large granite batholith (Bundarra batholith) in the south.

The King of the West tenement (E37/1253), located ~7km south of Great Western, contains several east-west trending quartz lode gold occurrences in sheared, altered granite on the western margin of the Bundarra batholith, which also includes possible narrow slivers of the adjacent greenstones of the regionally significant Keith Kilkenny tectonic zone.

Across the acquired portfolio, there are many historical workings that have yielded high gold grades in vein quartz rock chips and quartz float. Kingwest tested four of these veins (King of the West, Queen of the West, Duke of the West and Prince of the West prospects) in 2018 by drilling 18 RC drill holes.

A single RC hole at King of the West intersected 15m @ 9.18g/t Au, including 5m @ 26.67g/t Au (refer ASX: KWR announcement 1 January 2019: "Exceptional high-grade gold mineralisation near surface in initial King of the West drilling program").

Kingwest carried out follow-up drilling (7 holes, 980m) at King of the West and Queen of the West workings in March-April 2019. Although the second-round results were not encouraging for Kingwest, Red 5 believes that there is excellent potential for the definition of Resources similar in nature to the Great Western gold deposit.

b. Darlot Underground Drilling Program

For FY21, approximately 22,500m of underground exploration drilling has been initially planned. The primary areas planned for drilling are:

i. Oval North West (approximately 1,700m of drilling planned)

This program will target the Oval Fault in prospective magnetic dolerite, the main Centenary orebody host rock and the area down-plunge of the current Oval mineralisation. A seismic high amplitude reflector will also be targeted. The target zone is 300m down-dip of the current Oval workings and 250m from the latest conceptual Lords Felsics MOS shapes. Mineralisation intersected would therefore assist in establishing an Ore Reserve at Lords Felsics.

ii. Middle Walters South along Eldorado trend (approximately 5,000m)

This program will target Lords, Pipeline and potential third-order structures south of the current workings and in proximity to the El Dorado shear zone. Holes would intersect the area along strike from the Middle Walters South area, en route to the Pipeline target. A combination of underground and surface drilling would be required to test the target area cost-effectively.

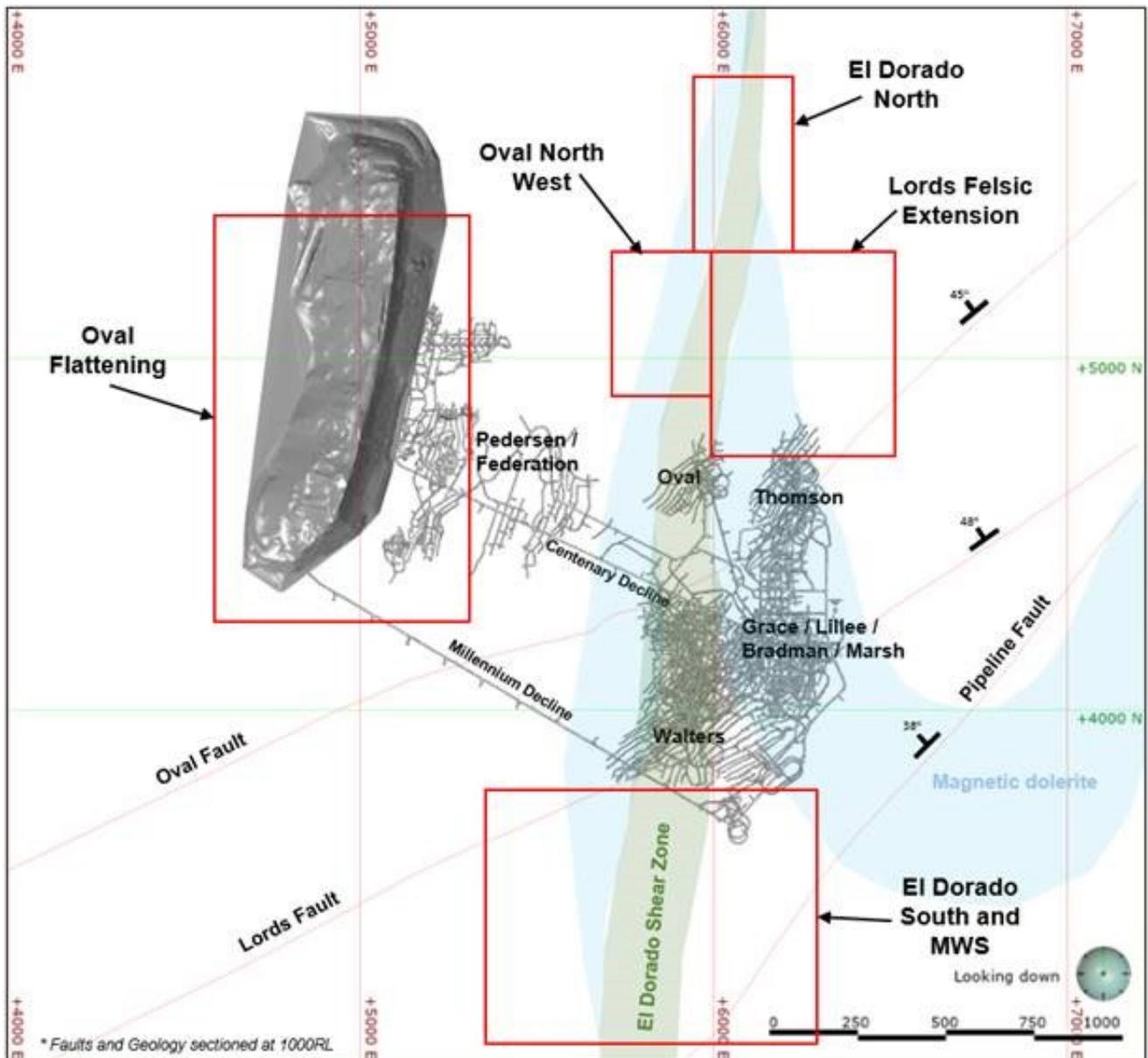


Figure 2: Darlot underground target areas for FY21.

iii. Lords Felsics Northern Extension (approximately 2,700m)

The priority program will target Pipeline and potential third-order structures along the El Dorado shear zone to the north of the current Lords Felsic Resource. Potential exists to extend Oval North West holes to ~1.3km to test both Oval North West and Lords Felsics Northern Extension. The development currently advancing to the Lower Pederson area may also provide an alternative drill platform to the current proposed site, which is currently an airleg stope.

iv. Eldorado North (approximately 3,000m)

This program will target the Eldorado regional shear north and down plunge of current workings. The Oval fault crosscuts the target zone, as seismic competency contrast has also been identified in the region from interpretation based on the seismic survey. The host rock is prospective magnetic dolerite. Darlot Thrust style flat lodes are also interpreted in the target zone.

v. Oval Flattening Follow Up (approximately 2,400m)

Two holes will be drilled targeting the Oval fault adjacent to the regional lamprophyre. The program is a follow-up to the 2019 hole drilled to test the flattening of the Oval structure interpreted from the seismic survey. A

magnetic dolerite unit was also intersected in the program, and the proposed holes will target the Oval structure where it intersects the magnetic dolerite unit. Mineralisation at Darlot is associated with proximity to the regional lamprophyre and magnetic dolerite with high iron content, and the existence of these two factors and the Oval structure make this a prospective target.

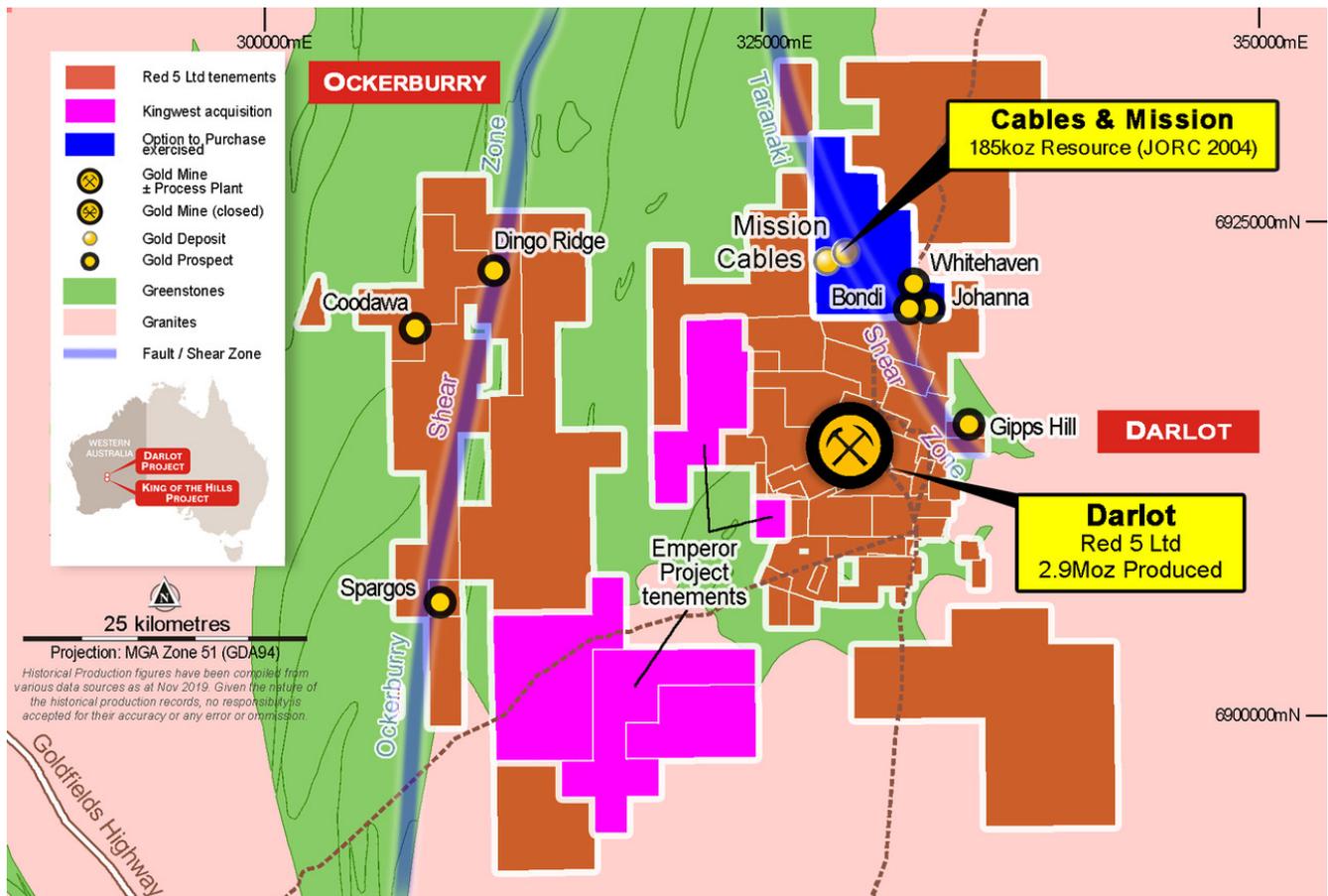


Figure 3: Darlot near-mine surface exploration prospects.

c. Darlot Surface Exploration Program

The surface exploration programs will focus primarily on the Great Western, Mission and Cable, and Ockerburry target areas to further delineate the extent of the mineralised systems by undertaking Resource and extensional drill programs (see Figure 3 map of near-mine surface exploration targets).

The exploration team plans to undertake more drilling along the highly prospective Taranaki structural corridor on the eastern side of the Darlot tenure with 3,700m of scoping drill programs planned for the Bondi, Whitehaven and Johanna prospects and extensional drilling at Gipps Hill to follow-up the strong assay results returned from the last period of drilling in February 2020.

- i. Cables and Mission Prospect (approximately 30,200m of RC drilling planned)

At the Cables and Mission deposits, an initial drill program comprising a nominal 40m x 20m drill spacing will be undertaken, and if successful, followed by a second stage in-fill drill program to 20m x 20m will be completed to develop an Indicated JORC 2012 compliant Mineral Resource.

In addition to the staged in-fill programs, extensional RC drilling has also been planned along strike to the north of Cables for ~2,000m and along strike to the north and south of Missions for ~2,000m.

As part of the Resource development drilling, ~2,000m of diamond drilling for metallurgical, geotechnical and structural data collection has also been planned. This drilling will enhance the structural understanding of the

Mission and Cable geological setting downhole. Geophysical surveys are also proposed which aim to acquire high-quality structural data using optical/acoustic televiewer survey down selected RC holes.

ii. Great Western Prospect

A staged RC drill program is planned, initially comprising approximately 4,400m of in-fill and extensional drilling, which will close gaps in the current Resource drill pattern and test highly prospective strike extension positions and potential parallel systems.

An RC pre-collar/Diamond tail drill program has been planned to test the Great Western Deeps target. Previous deeper drilling into the gold system has successfully intersected high-grade gold mineralisation which remains completely open at depth. The Great Western Deeps drill program comprises approximately 700m of RC and 930m of diamond drilling.

iii. Ockerburry Prospect

Dingo Ridge

The Dingo Ridge target is defined by a substantial 4km 'coherent' gold footprint which lies in close proximity to the crustal-scale Ockerburry shear/fault zone. Given the significant scale of this target, the next exploration stage will seek to undertake much-anticipated drilling to progress the project and identify the source of the gold footprint.

Diamond drilling has been planned to advance the Company's understanding of the geology and structural setting beneath the extensive target area. Based on the results of the diamond drilling, which aims to pin down the structural control associated with the gold, a follow-up program comprising RC will then be undertaken to test the main control and delineate the mineralised system within and below the oxide/transitional zone. For Dingo Ridge, approximately 1,500m of diamond and 5,000m of RC drilling has been planned.

Coodawa Prospect

Drill testing at Coodawa will focus on a prominent bend in the shear zone interpreted from regional gravity imagery. The planned drilling includes a first pass air-core (AC) program which aims to drill and sample top of fresh rock for evidence of mineralisation. The Coodawa drilling program comprises 4,000m of AC for the initial first pass investigation, with an additional 1,000m of RC drilling planned as a follow-up if warranted.

Spargos Prospect

The Spargos target is defined by a 6.7km mineralisation zone hosting several narrow and discontinuous (1 x ~4km and 2 x ~1km) NE trending gold clusters defined from shallow drilling targeting geophysical anomalies. Historical drilling over the target area is incomplete, and as such further opportunity for more AC drilling exists. This drilling will test between the gaps and determine if the mineralisation at Spargos is continuous over this extensive and underexplored area.

In addition to the gaps in drilling along strike, many of the previous shallow drill holes that intersected gold ended in mineralisation, and no deep drilling has been conducted to test the source of gold clusters at depth. The planned Spargos exploration program comprises 4,000m of AC and 1,000m of follow-up RC drilling.

ENDS

Authorised for release by the Board.

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Competent Person's Statements

Mineral Resource and Exploration Results

Mr Byron Dumpleton confirms that he is the Competent Person for the Mineral Resource and Exploration Results summarised in this report and Mr Dumpleton has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Dumpleton is a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in this report and to the activity for which he is accepting responsibility. Mr Dumpleton is a Member of the Australian Institute of Geoscientists, No. 1598. Mr Dumpleton is a full-time employee of Red 5. Mr Dumpleton has reviewed this report and consents to the inclusion of the matters based on his supporting information in the form and context in which it appears.

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.

Forward-Looking Statements

Certain statements made during or in connection with this statement 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.