

28 May 2018

Receipt of Second Supplementary Target's Statement

Red 5 Limited (ASX: RED) ("**Red 5**" or "the **Company**") wishes to acknowledge the receipt from Bullseye Mining Limited ACN 118 341 736 ("**Bullseye**") of a Second Supplementary Target's Statement, in respect to the off-market takeover bid for all the fully paid ordinary shares in Bullseye.

A copy of the Second Supplementary Target's Statement is **attached** to this announcement.

ENDS

For more information:

Investors/Shareholders:

Mark Williams, Managing Director
John Tasovac, Chief Financial Officer
Red 5 Limited
Telephone: +61 8 9322 4455

Media:

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

SECOND SUPPLEMENTARY TARGET'S STATEMENT

1. INTRODUCTION

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth) and is dated 28 May 2018. It is the second supplementary target's statement (**Second Supplementary Target's Statement**) issued by Bullseye Mining Limited ACN 118 341 736 (**Bullseye**) in relation to the off-market takeover bid for all the ordinary shares in the capital of Bullseye, on issue as at 5.00pm (Perth time) on 4 April 2018, by Red 5 Limited ACN 068 647 610 (**Red 5**) through its wholly owned subsidiary Opus Resources Pty Ltd ACN 099 235 533.

This Second Supplementary Target's Statement supplements, and should be read together with, Bullseye's target's statement dated 27 April 2018 (**Target's Statement**) and Bullseye's first supplementary target's statement dated 14 May 2018 (**First Supplementary Target's Statement**).

Words and phrases defined in the Target's Statement have the same meaning in this Second Supplementary Target's Statement (unless otherwise defined). This Second Supplementary Target's Statement will prevail to the extent of any inconsistency with the Target's Statement or the First Supplementary Target's Statement.

A copy of this Second Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for its contents.

The purpose of this Second Supplementary Target's Statement is to provide further disclosure in relation to the Target's Statement, namely to:

- (a) make amendments to the Target's Statement;
- (b) provide further information with regards to why Red 5's Darlot gold processing plant is considered to be a poor economic and high risk processing option for Bullseye;
- (c) provide further information with regards to stage 4 of Bullseye's exploration strategy of the North Laverton Gold Project; and
- (d) provide further information around Bullseye Shares issues, with regards to a Bullseye Share issue in December 2017.

2. AMENDMENTS TO THE TARGET'S STATEMENT

The Target's Statement is amended as follows:

- (a) on page 20 of the Target's Statement, in the fourth paragraph under the heading "Bullseye Drilling at the NLGP" the following sentence has been amended to:

In 2017, Bullseye conducted a further drilling program at the North Laverton Gold Project. The purpose of the 2017 program was to focus on deeper drilling and further delineation of the gold deposit at Boundary, as well as to commence the delineation of the Hurleys deposit.

Bullseye has amended the paragraph above to remove references to an increase in the Indicated Resource and extension of Life of Mine, to ensure that if and when the outcomes of that program have been fully assessed, they form an appropriate and reasonable basis for any increase in the resource and Life of Mine at NLGP.

- (b) on page 26 of the Target's Statement, the paragraph regarding "Stage 3" of Bullseye's exploration strategy for the NLGP is deleted and replaced with, the following:

Stage 3 of the exploration strategy was undertaken in 2016 and 2017 with NLGP geochemical soil sampling and drilling at Boundary, Neptune and Hurleys. Mineral Resource modelling is currently underway.

Bullseye has amended the paragraph above to remove references to any expected increase in the total Mineral Resource at the NLGP, to ensure that if and when the outcomes of that

program have been fully assessed, they form an appropriate and reasonable basis for any increase in the resource and Life of Mine at the NLGP.

- (c) In light of Bullseye contemplating its exploration and development options with regards to the NLGP, Bullseye wishes to provide further information in regards to Stage 4 of its exploration strategy set out on page 26 of the Target's Statement. The paragraph regarding "Stage 4" of Bullseye's exploration strategy for the NLGP is deleted and replaced with the following:

Stage 4 of the exploration strategy is to commence in 2018 with further, extensional drilling of Boundary and Neptune. Drilling is also planned for the new NLGP targets at Boundary North, Freemans, Eclipse, St. Francis and Red Cloud. These targets are located along strike of the regional shear zones that control mineralisation at the NLGP. Drilling is planned on an initial 50m x 50m spacing or greater, and if successful, will be followed by tighter spaced drilling. Drilling is expected to include aircore, RC and diamond with holes also likely to be drilled for metallurgical, hydrogeological and geotechnical purposes.

This drilling has the objective of potentially expanding the resources and extending the life of mine (LOM) at the NLGP with a view, if successful, to supporting a low-cost operating solution associated with an on-site plant.

Pending successful extension of the NLGP resource and LOM from Stage 4, Bullseye plans to investigate proceeding to a bankable feasibility study (BFS) for a stand-alone mining and processing operation at the NLGP.

The BFS will incorporate, but is not limited to the following:

- *Geotechnical assessment of mining parameters and slope designs;*
- *Surface hydrology and water management;*
- *Hydrogeology and water demands for on-site processing plant;*
- *All aspects relating to mine planning and mine scheduling;*
- *Metallurgical test work and process flow design;*
- *Comprehensive process plant design, costing and implementation scheduling;*
- *Tailings dam design, costing and operating procedures;*
- *All site operational Infrastructure and services;*
- *Environmental impact and management;*
- *Native title, Heritage, Social and Community;*
- *Operations and Human Resources;*
- *Capital and Operating costs;*
- *Detailed financial modelling, analysis and cash flow forecasting;*
- *Risks and Opportunities; and*
- *Overall project implementation plan.*

In parallel with the BFS, Bullseye plans to:

- *commence applying for all requisite licensing and approvals to permit the construction and development of an on-site gold processing facility.*
- *investigate financing options for mine development, processing and overall operations.*

Assuming the BFS contains positive results and the successful completion of financing negotiations, Bullseye would then look to proceed to develop the NLGP as a new standalone gold mining operation.

Undertaking of the BFS will be subject to Bullseye raising further capital. Negotiations in this regard are ongoing and we refer you to section 3 of the First Supplementary Target Statement.

- (d) on page 28 of the Target's Statement, the second paragraph under the heading "Leonora Nickel Project" is deleted and replaced with the following:

Historical exploration drilling on the tenement shows potential for massive nickel sulphide mineralisation at depth, although further drilling is required. Historical exploration drill holes intercepted ultramafic in contact with sulphidic sediments.

The nickel drill results disclosed in the Target's Statement were results from drilling undertaken between 1999 and 2000. As JORC Table 1 information is not available to the Company, Bullseye has removed reference to these historical drilling results.

3. RED 5'S DARLOT GOLD PROCESSING PLANT

In the Target's Statement, a reason to reject the Red 5 Offer was that the Darlot gold processing plant represents a poor economic and high risk processing option relative to the potential returns. Bullseye's conclusions were based on analysis of the Darlot gold processing plant.

As noted on page 5 of the Target's Statement, central to Bullseye's analysis was that Darlot is considered to be a high cost processing option which results in significantly reduced returns if NLGP tonnes were to be processed at Darlot. The ageing Darlot processing plant was deemed by Bullseye to have high operating costs per tonne, as well as high ongoing maintenance costs, when compared to alternative processing options with larger throughput capacity and also, the preferred option of establishing an on-site processing plant at the NLGP. This analysis was undertaken in the context of Bullseye assessing the viability of Darlot as a processing option for the NLGP.

Bullseye's analysis found that the Darlot processing plant only has capacity for circa 800 - 900ktpa, meaning a slow throughput at Darlot for NLGP tonnes, even-more-so if NLGP tonnes were to be blended with Red 5's remaining underground ore, thus significantly reducing the available processing capacity for NLGP tonnes. Consequently, the open pits at the NLGP would be mined at a slower rate, increasing substantial fixed costs of mining the NLGP over a much longer period of time. Mining at a slower rate to match the available throughput capacity at Darlot would also reduce the benefits of lower costs associated with economies of scale which would cause a significant increase to the mining cost/tonne, the key cost driver at the NLGP. Additionally, Darlot is located 80km from the NLGP which leads to substantially increased operational costs associated with the long haulage distance.

As the Darlot processing option increases the costs to mine and process the NLGP, it diminishes returns and potentially causes sterilisation of NLGP gold ounces. Another consequence of increased mining costs would be that gold ounces derived from lower grade material at NLGP may not be mined due to cut off/threshold costs for processing that material at Darlot.

Bullseye continues to hold the view that costs associated with Darlot's limited processing capacity, ageing processing plant, high operating cost per tonne, high ongoing maintenance costs, slow throughput capacity and substantially increased operational costs associated with haulage and transporting the material to Darlot, result in Darlot being a high cost and high risk processing option for Bullseye.

4. BULLSEYE SHARE ISSUE IN DECEMBER 2017

In the Target's Statement, a reason to reject the Red 5 Offer was premised on a Bullseye Share valuation based on Bullseye's most recent share placements to independent third party investors between November 2016 and November 2017.

In the First Supplementary Target's Statement, Bullseye provided information with regards to Bullseye Share issues that occurred relating to agreements that were entered into **prior to** November 2016.

Bullseye provides the following further information in relation to these statements:

On 20 December 2017, Bullseye issued 218,750 Bullseye Shares at an issue price of \$0.16 per Bullseye Share for a total consideration of \$35,000. These Bullseye Shares were issued pursuant to a placement agreement entered into in February 2015 and at the placement price agreed to at that time.

5. CONSENTS

As permitted by ASIC Class Order 13/521, this Second Supplementary Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to this Class Order, the consent of persons to whom such statement are attributed is not required for the inclusion of those statements in this Second Supplementary Target's Statement.

Any Bullseye Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may, during the Offer Period, obtain a copy free of charge (within 2 Business Days of the request) by contacting Bullseye.

APPROVAL OF SECOND SUPPLEMENTARY TARGET'S STATEMENT

This Second Supplementary Target's Statement has been approved by a unanimous resolution of the directors of Bullseye.

Signed for and on behalf of
Bullseye Mining Limited

A handwritten signature in black ink, appearing to read 'Peter J Burns', written over a horizontal line.

Peter Joseph Burns FCMI (London)
Chairman
Bullseye Mining Limited