

17 March 2021

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King of the Hills fully-funded after Red 5 secures commitment for A\$175m in debt facilities and launches fully underwritten A\$60m entitlement offer to shareholders

Combined funding package to support the development of the King of the Hills Gold Project, one of Australia's premier emerging gold projects

- KOTH development fully-funded with committed debt and final equity secured
- Executed commitment from a syndicate comprising three banks for a A\$160 million Senior Secured Project Loan Facility and A\$15 million Cost Overrun and Working Capital Facility
- Fully underwritten, A\$60 million 4 for 21 accelerated non-renounceable entitlement offer
- Funds raised from the Entitlement Offer will primarily be applied to KOTH development, Darlot drilling and working capital

Red 5 Limited (ASX: RED) (**Red 5** or **the Company**) is pleased to advise that it has received commitments for A\$175 million in project finance facilities to fund the development of its 2.4Moz, 16-year Life-Of-Mine King of the Hills Project (**KOTH**) in Western Australia (**Debt Facilities**). In conjunction with the Debt Facilities, the Company has launched a A\$60 million 4 for 21 fully underwritten accelerated non-renounceable entitlement offer (**Entitlement Offer**) at an issue price of A\$0.16 per share (**Offer Price**).

Funds raised from the Entitlement Offer will be applied to KOTH development, drilling and development programs at the Darlot Gold Mine and general working capital. Funds from the Debt Facilities will be applied to the development of KOTH.

The commitment from the banking syndicate of the debt and the fully underwritten Entitlement Offer will provide the balance of funding for the KOTH Project, marking another critical step in Red 5's growth pathway to become a substantial mid-tier Australian gold producer. KOTH is on track for first gold in the June quarter 2022, with a 16-year Life-Of-Mine and the first six years of gold production averaging 176koz pa.

Red 5 Managing Director, Mark Williams, said:

"The launch of the fully underwritten capital raising together with commitments for A\$160 million of construction debt and a A\$15 million cost overrun and working capital facility marks a key milestone in the development of KOTH. It is also a critical juncture for Red 5 as we continue on our pathway to becoming a mid-tier Australian gold producer.

"The commitment of Debt Facilities follow an exhaustive due diligence process by the banks' Independent Technical Expert. We will now work with the banks as quickly as possible to achieve financial close, putting us in a position to make our first draw-down in the June 2021 Quarter."

Red 5 Limited

ABN 73 068 647 610

ASX: **RED**

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

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“The Entitlement Offer provides the opportunity for all eligible shareholders to participate in the capital raising on an equitable basis. On behalf of the Board of Directors, I would like to thank our existing shareholders for their ongoing support as we move into the next phase of the KOTH development.”

“With multiple work streams already well underway and our EPC contractor advancing to Phase 2 of the plant construction contract, KOTH is a busy work environment, as we have outlined in recent announcements. Having received commitments for the project financing Red 5 can move ahead with the development of one of the most significant new long-life gold projects currently under development in Australia.”

Project Finance Facilities

Red 5 has received a committed letter of offer from BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited (together the **Syndicate Banks**) for project financing facilities for the development of KOTH. Red 5 and the Syndicate Banks are now working towards satisfying conditions precedent for documentation and financial close. Those conditions precedent include execution of finance documents, satisfaction of typical conditions precedent outlined in the agreed term sheet and completion of due diligence satisfactory to the Banks. Financial close and the first debt draw-down is expected in the June Quarter 2021.

The key terms of the project financing facilities include:

- A\$160 million senior secured project loan facility;
- A\$15 million cost overrun and working capital facility;
- Loan term in respect of the senior secured project loan facility of 5.75 years, maturing on 30 September 2026;
- Loan term in respect of the cost overrun and working capital facility maturing 18 months after anticipated project completion;
- Expected mandatory hedging estimated at current AUD gold price to be between 190,000 – 200,000 ounces (~25% of production during the loan term);
- An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin below 4.00% p.a.;
- An interest rate in respect of the cost overrun and working capital facility of BBSY-bid plus 5.00% p.a.; and
- Guaranteed and secured on a first-ranking basis over all Australian assets of Red 5, Greenstone Resources (WA) Pty Ltd, Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd.

The project financing facilities are to be provided on usual financial terms for a syndicate-banking group featuring competitively-priced and flexible facilities.

The Syndicate Banks' commitment to providing the project financing facilities follows an extensive due diligence process by the Independent Technical Expert on behalf of the banks. Completion of the Institutional Entitlement Offer will satisfy a requirement of the project financing facilities for the Company to raise not less than A\$33 million in equity. Red 5 is now working through the typical conditions precedent required for financial close to occur and first draw-down of the facilities.

Entitlement Offer

To conclude financing for KOTH, to fund drilling and development programs at the Darlot Gold Project, and to obtain further working capital, the Company is conducting a fully underwritten A\$60 million 4 for 21 accelerated non-renounceable entitlement offer.

The Entitlement Offer will be open to eligible investors on the record date, being 7.00 pm 19 March 2021 (**Record Date**), and will be completed in two parts, being:

- An accelerated component (**Institutional Entitlement Offer**); and
- A retail offer, opening on 24 March 2021 and closing on 9 April 2021 (**Retail Entitlement Offer**).

Eligible investors will be invited to participate for 4 new shares for every 21 shares held on the Record Date. The Entitlement Offer is non-renounceable, and as such, entitlements will not be tradeable or otherwise transferable. The Institutional Entitlement Offer and Retail Entitlement Offer will be completed at the Offer Price of A\$0.16 per share representing a 15.8% discount to the last close price and a 13.6% discount to the theoretical ex rights price (**TERP**)¹.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the accelerated component of the Entitlement Offer. The Institutional Entitlement Offer will be completed on 18 March 2021, with settlement scheduled for 24 March 2021. Eligible institutional shareholders can elect to take up all, part or none of their entitlements under the Institutional Entitlement Offer. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

The Retail Entitlement Offer will be conducted at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will be open on Wednesday, 24 March 2021, to eligible retail shareholders with addresses in Australia, New Zealand, Singapore, Switzerland, United Kingdom, Malaysia and Hong Kong on the Record Date, and is scheduled to close at 5:00 pm Friday, 9 April 2021.

Red 5 Directors who are eligible to participate in the Retail Entitlement Offer have each confirmed their intention to subscribe for all or part of their respective entitlements.

Petra Capital Pty Ltd and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers, Joint Bookrunners and Joint Underwriters to the Entitlement Offer.

Further details of the Debt Facility and Entitlement Offer can be found in the Investor Presentation lodged with the ASX today.

¹TERP represents a theoretical measure only. TERP is calculated as the market capitalisation, based on the closing price of Red 5 shares immediately prior to the launch of the Entitlement Offer being A\$0.19 per share, plus the new shares to be issued under the Entitlement Offer at the Offer Price.

Key dates

Event	Date
Institutional Entitlement Offer opens	Wednesday, 17 March 2021
Institutional Entitlement Offer closes	Thursday, 18 March 2021
Announcement of completion of Institutional Entitlement Offer	Friday, 19 March 2021
Entitlement Offer Record Date	7:00pm Friday, 19 March 2021
Retail Entitlement Offer opens	Wednesday, 24 March 2021
Settlement date Institutional Entitlement Offer shares	Wednesday, 24 March 2021
Allotment date Institutional Entitlement Offer shares	Thursday, 25 March 2021
Retail Entitlement Offer closes	5:00pm Friday, 9 April 2021
Retail Entitlement Offer shares issued	Thursday, 15 April 2021

All dates are indicative only and subject to change without notice, with approval of the Joint Lead Managers, the ASX and in accordance with the Corporations Act and ASX Listing Rules. All amounts are in Australian dollars unless otherwise indicated.

ENDS

Authorised for release by the Board.

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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.

Not an offer in the United States

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