

11 November 2019

Option Agreement signed with Terrain Minerals to purchase the Great Western gold deposit

Acquisition supports Red 5's ongoing multi-strand strategy to increase Resources and extend mine life at the Darlot Gold Mining Operation

- Option Agreement secured with Terrain Minerals Ltd (ASX: TMX) to acquire a 100% interest in Mining Lease M37/54, subject to due diligence.
- M37/54 includes the 62koz Great Western gold deposit, located 80km trucking distance from Red 5's Darlot gold mining and processing operations.
- Total acquisition cost of A\$2.5M, equating to an effective cost of A\$40 per Resource ounce.
- Consideration comprises \$300,000 up-front cash payment to secure a 5-month exclusive option to enable completion of due diligence drilling, followed by the issue of A\$2.2M in Red 5 shares if Red 5 elects to exercise the Option.
- Proposed acquisition supports Red 5's multi-strand strategy to expand the Darlot Mineral Resource base, with key elements including:
 - Extension of existing Resources, including identification of mineable remnants;
 - Step-out underground exploration using HiSeis 3D seismic data (the same technology used by Northern Star Resources to identify the Zodiac discovery at Jundee);
 - Exploration for open pit deposits within Red 5's existing tenements, including the Ockerburry Hill tenements; and
 - Regional 'bolt-on' acquisitions.

MANAGEMENT COMMENT

Red 5 Managing Director, Mark Williams, said the proposed acquisition provided a low-risk opportunity for the Company to increase its Mineral Resource base within economic trucking distance of the Darlot gold processing plant:

"This represents a strong opportunity for Red 5. Mining Lease M37/54 has an existing Mineral Resource, and is located in close proximity to our existing Darlot operations. This option agreement with Terrain Minerals provides the opportunity to complete additional drilling and confirm this potential with minimal upfront cash outlay.

"Darlot is one of the great gold mines of the Eastern Goldfields, operating continuously for over 30 years and producing approximately 2.9 million ounces of gold to date. It is a core asset for Red 5 and we have a multi-pronged plan underway to deliver continued growth in Resources and mine life," he said.

Red 5 Limited

ABN 73 068 647 610

ASX: RED

Shares on issue: 1,244M

Level 2, 35 Ventnor Avenue West Perth 6005 Western Australia Tel: (+61) 8 9322 4455 Fax: (+61) 8 9481 5950

Web: www.red5limited.com Investor enquiries: info@red5limited.com

Table 1: Great Western Mineral Resource – depleted for historical mining

	Tonnes	Au g/t	Au oz
Open Cut (0.5g/t cut-off)			
Measured & Indicated	463,000	2.6	44,500
Inferred	128,000	1.5	6,000
Total	591,000	2.7	50,500
Underground (1.5g/t cut-off)			
Measured & Indicated	17,000	4.0	2,200
Inferred	101,000	2.9	9,400
Total	118,000	3.1	11,600
Combined	709,000	2.7	62,100

Source: Terrain Minerals Quarterly Activities Report: September 2019 released 28 October 2019

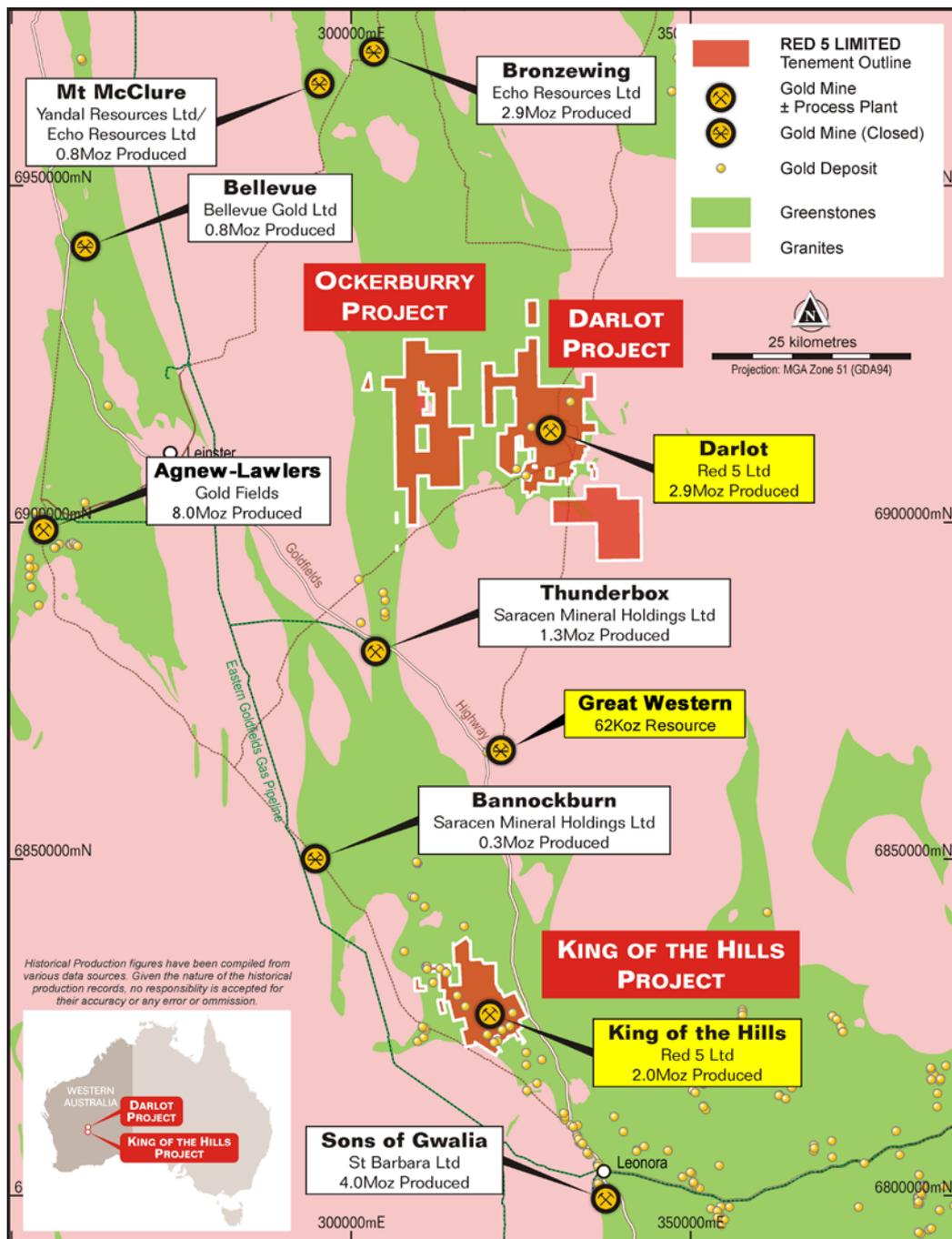


Figure 1: Location of Great Western gold deposit.

Red 5 Limited (ASX: RED) advises that its wholly-owned subsidiary, Darlot Mining Company Pty Ltd (Darlot), has entered into an Option Agreement with Terrain Minerals Ltd (ASX: TMX) for the right to purchase a 100% interest in Mining Lease M37/54, containing the Great Western gold deposit (Assets).

The Option Agreement contains usual clauses and warranties and provides for an exclusive option period of five months. It also entitles Red 5 to conduct due diligence and drilling activities within the Great Western Mining Lease M37/54 to determine the suitability of the Great Western deposit to be mined and trucked to the Company's Darlot processing plant, located approximately 80km by road to the north (Figure 1).

The option may be exercised at any time during the exclusive option period and, if Red 5 elects to exercise the option, the parties will enter into a Sale and Purchase Agreement (SPA).

The option fee payable to Terrain Minerals is \$300,000 payable in immediately available funds within five business days.

The consideration for the purchase of the Assets under the SPA is the issue of \$2.2 million worth of ordinary fully paid shares in Red 5, based on a volume weighted average price (VWAP) for shares in Red 5 for the five trading days immediately prior to but not including the Completion Date (Consideration Shares).

The SPA contains usual clauses, warranties and conditions precedent for such a transaction, including, if required, the consent of Red 5 shareholders to the issue of the Consideration Shares.

The Assets include the Great Western deposit, which is located wholly within mining lease M37/54 and has a reported estimated JORC 2012 compliant mineral resource totalling 709,000 tonnes at an average grade of 2.72g/t Au for 62,000 ounces of contained gold (further details set out in Terrain Minerals ASX release dated 27 March 2017 titled JORC 2012 Resource Upgrade at Great Western)¹.

Under the terms of the Option Agreement and SPA, Darlot has the right to convert up to 100 hectares of graticular blocks 231 Q and R of E37/1214 to general purpose leases and/or apply for miscellaneous licences over that area, for the purpose for waste and ore storage (Figure 2).

¹ *The above information regarding the Great Western mineral resource estimate (with further details set out in Terrain Minerals ASX release dated 27 March 2017 titled JORC 2012 Resource Update) is based on information compiled by Peter Ball, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy, Membership number 209775. Mr Ball is employed by and is a Director of Datageo Geological Consultants and was contracted by Terrain Minerals Ltd to estimate the mineral resource stated within this announcement. Mr Ball has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ball consents to the use of the information within this report in the form and context in which it appears. The mineral resource estimate is not Red 5's estimate and Red 5 has not done sufficient work to report the estimate in accordance with the JORC code 2012.*

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 / Kate Bell
 Read Corporate
 Telephone: +61 8 9388 1474

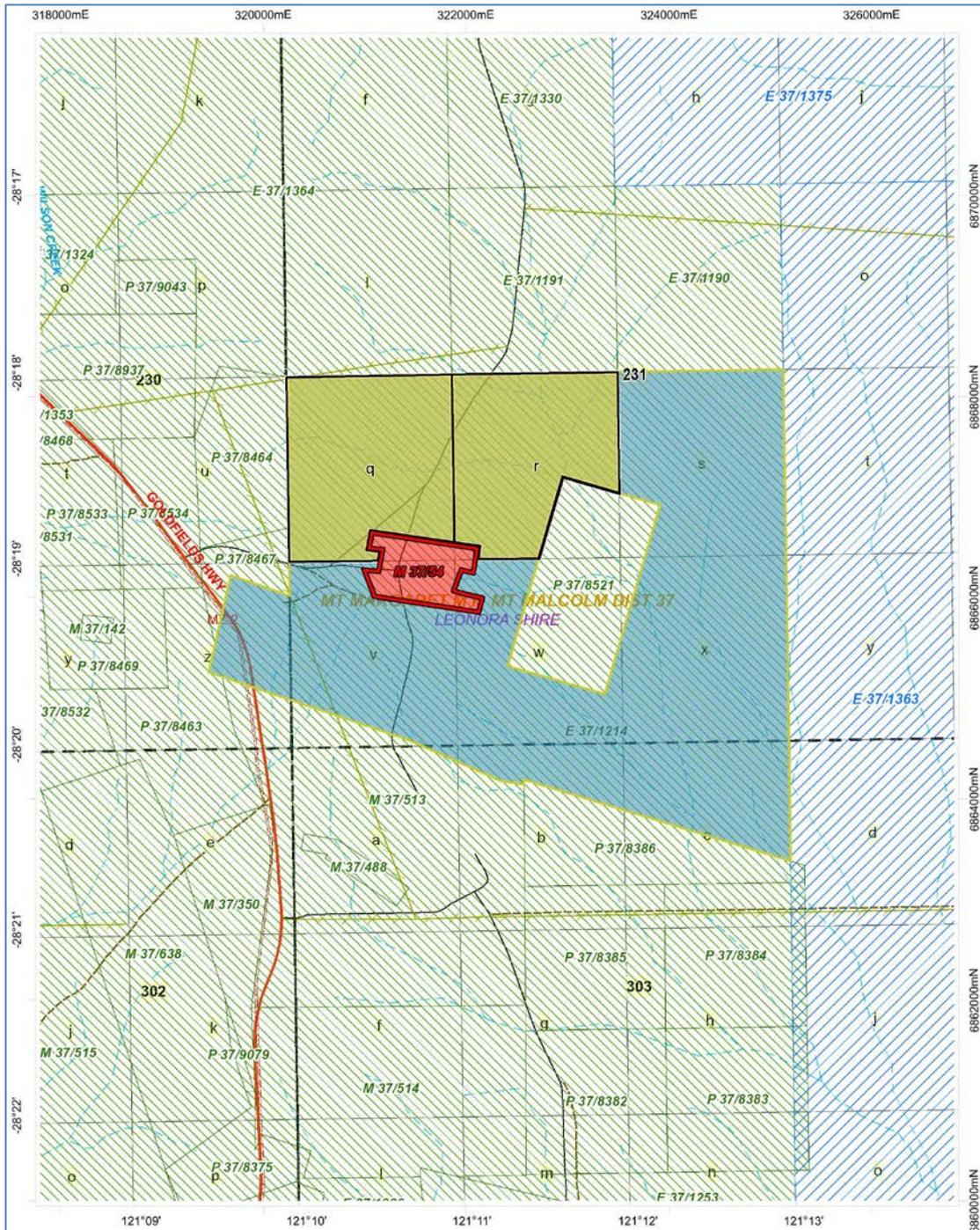


Figure 2: Tenement Plan of Mining Lease M37/54 and graticular blocks 231 Q and R of E37/1214.