

20 April 2020

King of the Hills Final Feasibility Study Progress Update

Final Feasibility Study work program progressing to plan, Mineral Resource increased to 4.1Moz, with mining studies now in progress. Successful \$125M equity raising undertaken

- Final Feasibility Study (“FFS”) for the proposed stand-alone integrated bulk open pit and underground mining and processing operation at the King of the Hills (“KOTH”) Gold Project in Western Australia remains on schedule for completion in the September 2020 Quarter.
- \$125M capital raising announced on 30 March 2020, for the equity contribution to the KOTH construction capital (including early works) and ongoing exploration at KOTH and Darlot.
- Updated 4.1Moz global Mineral Resource estimate for KOTH announced on 19 March 2020. The updated Resource includes a 69% increase in the open pit component of the Resource model (from 2.00Moz to 3.37Moz).
- Experienced construction project manager, Warren King, has joined the Company.
- GR Engineering Services (“GRES”) progressing Process Plant and other on-site infrastructure designs to finalisation and commencing third-party vendor equipment pricing.
- Expressions of Interest for the provision of KOTH energy requirements on a “Build Own Operate” basis have been received from selected major Western Australian power producers.
- Mine planning studies are now well underway (SRK and Entech), following the release of the updated Mineral Resource estimate.
- Non-binding proposals from open pit mining contractors have been received and are now being assessed. The final contract is expected to be awarded in the December 2020 Quarter (subject to Board approvals and completion of project debt financing).
- Approvals plan and schedule in place with the support of specialist consultants MBS Environmental. Initial heritage clearance applications have now been lodged with the Department of Planning, Land and Heritage.
- Final seasonal fauna and flora surveys now completed, with no material issues identified.

Red 5 Limited (“Red 5” or “the Company”) (ASX: RED) is pleased to provide an update on the ongoing Final Feasibility Study (FFS) for an integrated bulk open pit and underground mine and processing operation at the King of the Hills (KOTH) gold project in Western Australia, which remains on-track for completion in the September 2020 Quarter.

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KEY ACTIVITIES BEING PROGRESSED

1. Updated 4.1Moz Mineral Resource Estimate

A Mineral Resource update was released to the ASX on 19 March 2020, comprising **90.7 million tonnes at 1.4g/t Au for an estimated 4.07 million ounces of contained gold**. The updated Resource is based on a A\$2,100 optimised pit shell, utilising both Indicated and Inferred Resources, and represents a 31% increase in contained gold over the previous Mineral Resource estimate announced on 20 May 2019. 74% (3.01Moz) of the Mineral Resource estimate is classified in the higher confidence “Indicated Resource” category.

The cut-off date for the Resource database was 19 February 2020, with all drilling and assays received up to that date included in the Mineral Resource estimate. An updated KOTH Ore Reserve will form part of the Final Feasibility Study report.

Compared to the previous Mineral Resource estimate (see ASX Announcement 20 May 2019), the March 2020 Mineral Resource model has delivered a significant increase in the open pit component of the Mineral Resource (from 2.00Moz to 3.37Moz) and a reduction in the underground Mineral Resource (from 1.11Moz to 0.70Moz). This is due primarily to a large proportion of the contained ounces within and outside of the May 2019 Underground Resource estimate now falling into the larger optimised pit shell.

Maiden Mineral Resource estimates for key Cerebus-Eclipse and Centauri satellite deposits, located to the north-west of the KOTH Gold Project, are currently being assessed as initial open pit mine developments to deliver oxide ore to the proposed Processing Plant in the early stages of a bulk mining operation. Mineral Resource estimates for these deposits are planned to be released in early May 2020.

Drilling and assaying of numerous low-grade stockpiles continued through March 2020 and are expected to be completed by late April 2020. Assays will then be assessed and modelled to determine potential inclusion in future KOTH Mineral Resource models.



Figure 1. Exploration drilling at King of the Hills.

2. Mine Planning

With the updated Mineral Resource estimate completed, Mine Planning studies are being undertaken by consultants SRK (Open Pit) and Entech (Underground). The final designs are expected to be available late in the June 2020 Quarter.

Red 5 is working on an appropriate open pit mining strategy for the large bulk open pit mine, and in March 2020 commenced a preliminary tender process with open pit mining contractors prominent in Western Australia. Proposals have been received and are being assessed by the Study Team.

3. Infrastructure

Metallurgical samples have now been processed by ALS Laboratory Services, with the results validating information previously collated during Pre-Feasibility Studies and existing site operational knowledge for both the KOTH open pit and underground operations.

GRES continues to progress designs for the process plant, workshops and accommodation village, with the design process currently advancing through the third-party vendor pricing stage. Final designs are expected late in the June 2020 Quarter.

Knight Piésold has completed the final design report for Tailings Storage Facilities (TSFs) 4, 5 and 6. The report confirmed the availability of adequate tailings capacity to support ten years of operation at a potential 4Mtpa, with ability to expand to 60Mt capacity if required. Further TSF sites were identified during the study, providing confidence that expansion beyond 60Mt is possible if needed in the future.

Expressions of Interest for the provision of energy requirements on a Build Own Operate basis have been received from major independent power producers. The 20-25MW power plant design process includes evaluation of the use of renewable energy to complement a gas-fired power station supplied from the nearby Gas Goldfields Pipeline. Specialist engineering consultant Petro Min Engineers (PME) is currently reviewing the proposals, which will inform FFS-level pricing and provide a firm basis for progressing to a final tender process.



Figure 2. Significant infrastructure already exists at King of the Hills including the mine portal and underground development.

4. Project Execution Planning

In anticipation of the planning, preparation and commencement of infrastructure construction in the December 2020 Quarter, experienced construction project manager, Warren King, commenced with Red 5 in late March 2020. Development of a Project Execution Plan has started to ensure the KOTH Project can be developed efficiently and to budget and schedule (subject to Board approvals and project debt financing).

Red 5 is now developing an early works program to progress critical path activities of the Project construction schedule, including:

- the ordering of long lead items;
- commencing bulk earthworks;
- tendering contracts; and,
- installation of the accommodation village.

Funding for this work will be allocated from the recent equity raise with an initial order placed with GRES to progress the FFS level design work to tender level.

5. Biodiversity Studies

A final seasonal fauna survey (Terrestrial Ecosystems) has been completed. No indication of fauna species or habitat of conservation significance across the KOTH tenements was reported.

In March 2020, a flora survey of the remaining areas of proposed land disturbance was undertaken by a specialist consulting firm, Mattiske. Previous studies within the proposed mining areas have not identified any flora species of conservation significance, although this latest survey has confirmed the presence of a priority species along the proposed haul road corridor to the north-western satellite deposits. Careful design and management will be required but is not expected to have a material impact on mining activities.

6. Environmental Approvals and Heritage

MBS Environmental, as the lead environmental consultants for the Project, has developed an optimised strategy for the environmental approvals processes. All necessary regulatory approvals requirements have been identified and scheduled to minimise the risk of potential delays.

KOTH benefits from already having several permits in place from the current and historical operations, and there is little likelihood of referral of the Project to the Environmental Protection Authority under Part IV of the Environmental Protection Act, 1986 or Commonwealth Department of Environment and Energy under the Environmental Protection and Biodiversity Conservation Act, 1999. No Matters of National Environmental Significance have been identified within the project area or immediate surrounds.

The primary approvals fall within the provisions of the Mining Act, 1978 and the Environmental Protection Act, 1986 administered by the Western Australian Department of Mines, Industry Regulation and Safety (Mining Proposal, Mine Closure Plan and Native Vegetation Clearing Permit) and Department of Water and Environmental Regulation (Works Approval for processing, tailings storage, dewatering, landfill, fuel burning, wastewater treatment, power generation and chemical storage).

Applications under the Aboriginal Heritage Act, 1972 have been lodged for the necessary crossing of Sullivan's Creek to allow direct access the north-west satellite deposits (Centauri and Cerebus-Eclipse). Local government approval applications for the accommodation village remain on track for submission in late April.

7. Schedule

With the bulk of the drilling and survey activities and studies largely completed, very limited on-site works remain to be completed for the FFS. With respect to the impact of COVID-19, FFS activities have shifted to work of a desktop nature and there is little, if any, impact expected to the FFS schedule, which is due for completion in the September 2020 Quarter.



Figure 3. Clockwise from left – drift fence and traps for small fauna species, Main's Frog (*Cyclorana maini*) and Fine-faced Gecko (*Diplodactylus pulcher*) - identified during the KOTH fauna survey, common species within the WA goldfields.

MANAGEMENT COMMENT

Red 5 Managing Director, Mark Williams, said the Company is progressively completing the study milestones for the KOTH Final Feasibility Study. With the recently completed 4.1Moz Mineral Resource update, followed by a successful \$125 million capital raising, Red 5 is building momentum towards the potential development of the KOTH bulk mining project.

"We are achieving progress across multiple workstreams, with the updated Resource model providing the foundation for the completion of final mining and engineering studies.

"Based on the significant increase in the open pit component of the Resource model, which now accounts for over 80 per cent of the total contained ounces, we are progressing with plans for a very large open pit, which has the potential to underpin a robust, large-scale, low-cost mining operation.

"We are also pleased to now have Mr Warren King join the Red 5 team. Warren has already hit the ground running, with a schedule for early works and Project Execution Plan now well advanced.

"We have an active work program for the remainder of the June 2020 Quarter, with key deliverables to include final mine and infrastructure designs.

"Following completion of the King of the Hills Final Feasibility Study and with the \$125 million capital raising undertaken, Red 5 is well placed to rapidly transition to the construction phase of one of Australia's premier emerging gold projects," he said.

ENDS

Authorised for release by the Board.

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Competent Person's Statements

Mineral Resource and Exploration Results

Mr Byron Dumbleton confirms that he is the Competent Person for the Mineral Resource and Exploration Results summarised in this report and Mr Dumbleton 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 Dumbleton 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 Dumbleton is a Member of the Australian Institute of Geoscientists, No. 1598. Mr Dumbleton is a full-time employee of Red 5. Mr Dumbleton 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.