

24 January 2023

## December 2022 Quarterly Report

### Commercial production declared at King of the Hills

*KOTH operations achieve steady-state, with production guidance of 90-105koz at AISC of A\$1,750-1,950/oz for 2H FY2023; Outstanding assay results support Darlot's mine plan for FY23 and FY24*

#### King of the Hills (KOTH) Processing and Production

- Commercial production declared at the King of the Hills (KOTH) gold mine on 16 December 2022.
- Production guidance for 2H FY2023 of 90-105k ounces at AISC of A\$1,750-1,950 per ounce.
- Quarterly gold production of 36,260 ounces (September Quarter: 26,710 ounces) and gold sales of 35,100 ounces (September Quarter: 30,005 ounces). Reporting of quarterly all-in sustaining costs (AISC) will commence from the March 2023 Quarter.
- Mining of the open pit has now reached the main contact zone between the granodiorite and ultramafic rock, where the majority of higher-grade gold mineralisation is located.
- One Lost Time Injury (LTI) and three Restricted Work Injuries (RWI) were recorded during the quarter.
- KOTH process plant and open pit mine expansion study is underway.

#### Exploration and Resource Growth

- Strong assay results received from underground grade control and resource extension drilling across several key mining areas at the Darlot Gold Mine.
- Results confirm the FY23 and FY24 Darlot mine plan with new targets for Resource growth also identified. Highlights include:
  - 3.0m at 2,999.3g/t from 41m (SGGC122) – equivalent to 105oz/tonne;
  - 1.1m at 1,521.5g/t from 178.5m (CAD0774) – equivalent to 53oz/tonne;
  - 6.0m at 71.4g/t from 108.0m (GC4480).
- Air-core drilling at the Yandal South Project has identified wide zones of anomalous mineralisation along a 1.2km strike length of the targeted NW structures, with two holes containing drill chips exhibiting strong pyrite mineralisation at the end-of-hole. This represents a strong target for follow-up drilling.

#### Corporate and Finance

- Successful capital raising completed to support the ramp-up of production at KOTH and future growth opportunities, comprising a \$60.0m institutional share placement and an oversubscribed Share Purchase Plan offer to shareholders, which raised \$8.9m.
- The first KOTH debt repayment of \$10.5m was completed in December 2022, with \$164.5m of the KOTH debt facility remaining outstanding at the end of December 2022.
- Group cash on hand and bullion of \$26.0m at the end of December 2022, of which \$8.2m is allocated to reserve accounts and bond guarantees for the KOTH Project.

**Red 5 Limited**

ABN 73 068 647 610

ASX: **RED**Shares on issue: **2,793M**

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## Investor Call

An investor call for the Quarterly results will be held for the investment community on Tuesday, 24 January 2023, commencing at 8.00am (AWST) / 11.00am (AEDT).

Investors, brokers, analysts and media can join the call by selecting the following link:

[Link to Investor Call](#)

## Management Comment

Red 5 Managing Director, Mark Williams, said: *"The December Quarter has been a successful period for Red 5, with mining and processing operations at King of the Hills achieving targeted steady-state rates, enabling the Company to declare commercial production on 16 December 2022.*

*"KOTH delivered improved gold production of 36,260 ounces in the December Quarter and gold sales of 35,100 ounces, with production guidance provided for the second half of the 2023 financial year of between 90,000oz and 105,000oz at an all-in sustaining cost of between A\$1,750/oz and A\$1,950/oz.*

*"Importantly, we have now reached the main contact zone between the granodiorite and ultramafic rock in the open pit. This is where the majority of gold mineralisation at KOTH is located and, equally importantly, is demonstrating positive reconciliation of ore tonnes and grades against the mine plan.*

*"The KOTH processing plant achieved sustained throughput rates equivalent to 5Mtpa during the December Quarter.*

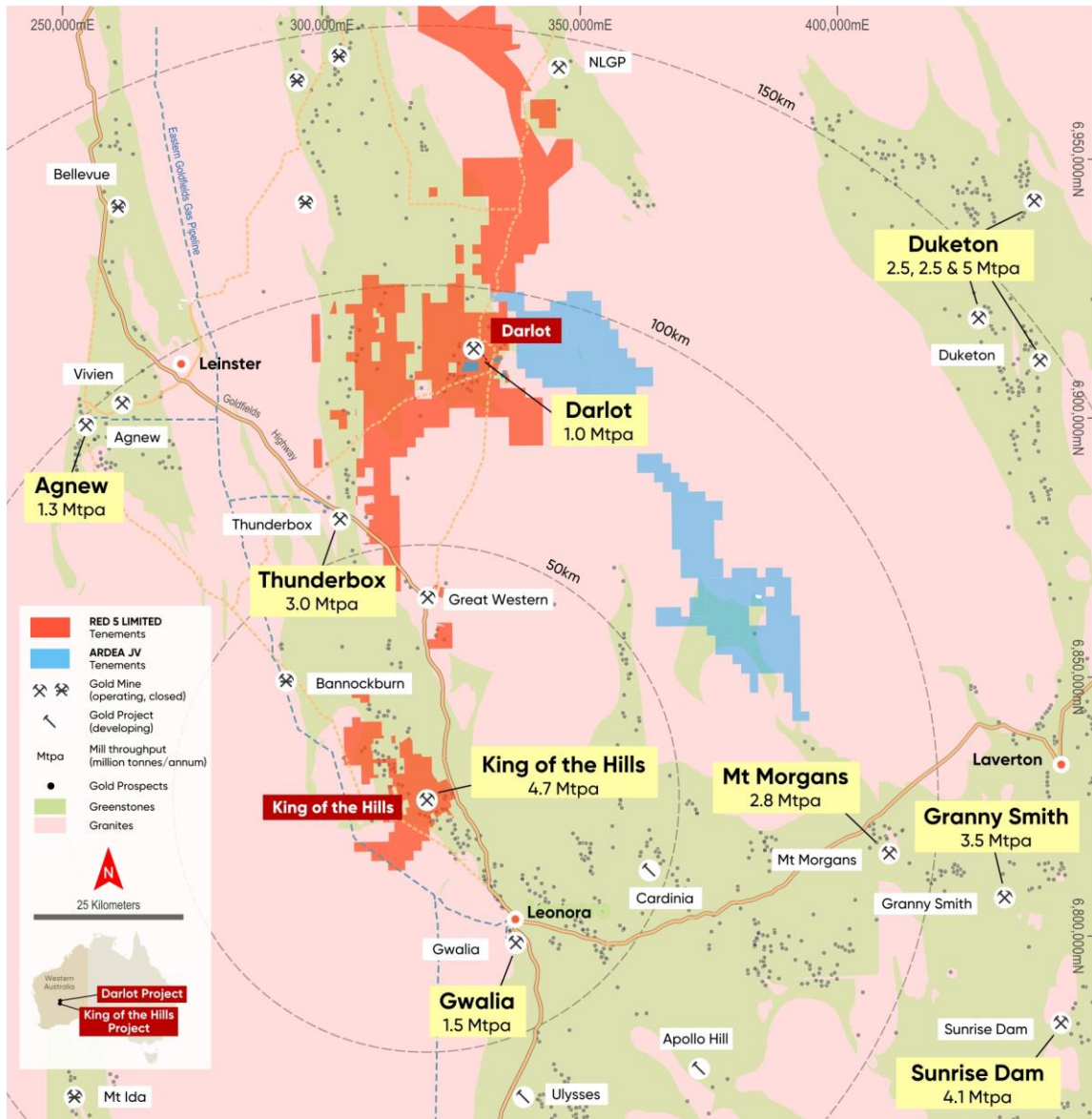
*"At Darlot, we reported high-grade assays from grade control and resource extension drilling completed during 2022, with results confirming the Darlot mine plan for FY23 and FY24. The Darlot region continues to deliver exceptional assay results, including a stand-out intercept of 3.0m grading almost 3,000 grams per tonne – equivalent to 105oz/tonne – from the St George satellite deposit."*

## COVID-19 Management

Red 5 continues to manage and mitigate the potential impact of the COVID-19 global pandemic on the Company's operations. The Management Response Plan remains focused on ensuring the health and safety of Red 5 personnel and limiting the disruption risk to our operations.

This plan has been progressively developed in line with the formal guidance of State and Federal health authorities, in close coordination with the Australian Resources and Energy Group (AMMA) and under the Company's existing Emergency Management Policies.

The Company continues to closely monitor the advice and requirements from State and Federal Governments and health authorities and maintain its focus on minimising the effects of COVID-19 on the health and well-being of staff and the communities in which we operate.



**Figure 1:** KOTH and Darlot mine locations and tenement holdings, with milling production capacity across the region.

## 1. OPERATIONS

### 1.1. Health & Safety

One Lost Time Injury (LTI) was reported in the December 2022 Quarter.

**LTIFR (Quarter):** 1.89 (Lost Time Injury Frequency Rate)

**LTIFR (12-month):** 1.72

**TRIFR (12-month):** 17.8 (Total Recordable Injury Frequency Rate)

### 1.2. Production Summary

A total of 36,260 ounces of gold was produced for the December Quarter (September Quarter: 26,710 ounces), with ore sourced from the KOTH open pit, KOTH underground and Darlot underground mines. Gold sales were 35,100 ounces.

#### 1.2.1. KOTH Processing

**Table 1: KOTH Mill Processing Statistics**

	Units	Dec-22 Quarter	Sep-22 Quarter
Ore milled	dmt	1,099,204	878,813
Average head grade	g/t	1.14	0.93
Recovery	%	90.1	91.2
Gold recovered	Oz	36,260	24,049
Gold sales	Oz	35,100	30,005*

\* Gold sales include gold production from the Darlot process plant in July of 2,661 ounces.

1.1M dry tonnes at an average grade of 1.14g/t were milled during the December Quarter, resulting in the production of 36,260 ounces of gold. Importantly, the plant achieved a run rate of ~5Mtpa in November at an average of 611 dry tonnes per operating hour before shutting down on 28 November 2022 for a major planned shutdown to reline the gyratory crusher and address identified high-wear areas on the plant.

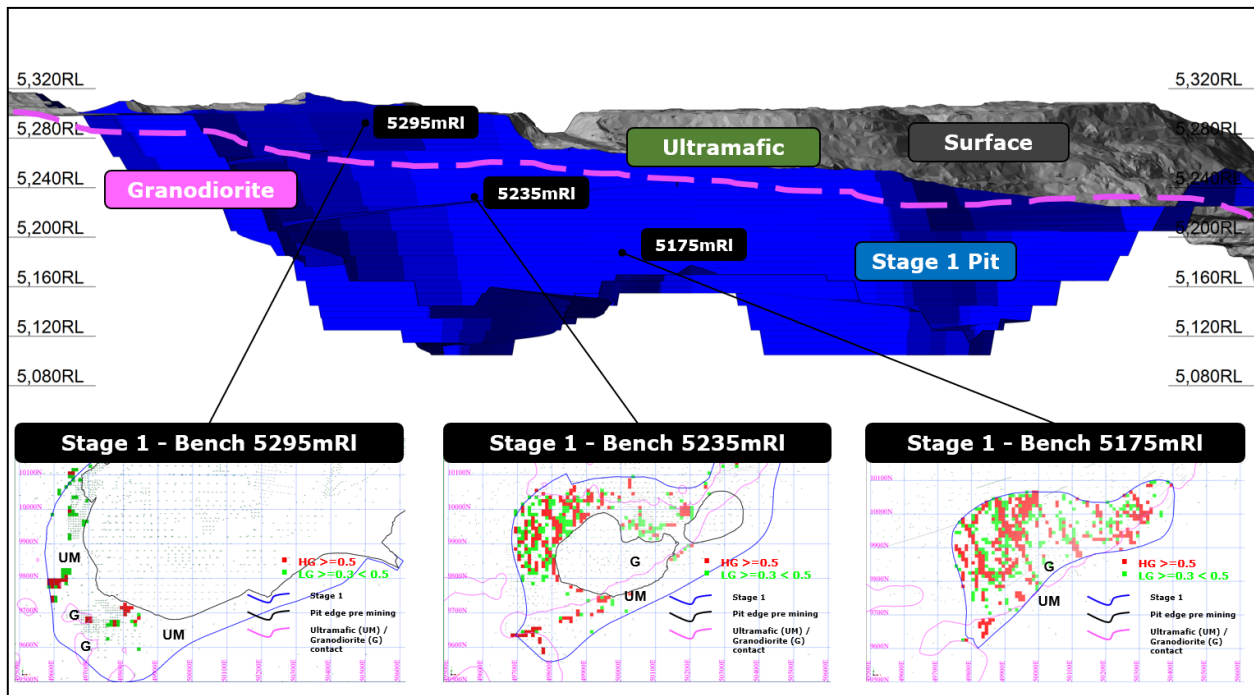
The mill reconciled head grade of the KOTH open pit and underground ore feed was 1.14g/t, with 11% of the processing feedstock sourced from historical stockpiles and 25% from Darlot ore. The reconciled quarterly grade for KOTH open pit ore against the Reserve model was within expectations for the grade delivered at this stage of the open pit cut-back.

During the December Quarter, mill availability at KOTH averaged 88.3%, including the planned shutdown of the KOTH process plant. The shutdown was successfully completed, with the mill offline for 147 hours and the crushing circuit offline for 140 hours. Maintenance work completed included a full reline of the gyratory crusher, installation of improved wear packages in conveyor transfer chutes and a number of improvements that were also made throughout the milling circuit to improve reliability and address identified high-wear areas. The crusher and mill restarted on 4 December 2022 and are both performing well.

#### 1.2.2. KOTH Open Pit Mining Activities

Reliability and continuity of ore tonnes and grade improved during the December Quarter as mining progressed deeper into the Stage 1 pit and, importantly, reached the granodiorite/ultramafic contact prior to the end of the Quarter.

Recent grade control drill results help to underpin confidence as more of the reliable main granodiorite host is exposed. For example, at both the 5245mRL and 5225mRL benches, grade control results indicate that both tonnes and grade were higher than reserves. Figure 2 below shows three Stage 1 bench slices from different depths, demonstrating the increasing quantity and continuity of ore blocks with depth.



**Figure 2:** Long section view of the KOTH Stage 1 open pit (looking west) showing the ore block outlines for the 5295mRL bench, the 5235mRL bench and the 5175mRL bench. The successive benches demonstrate the progressive increase in tonnes and grade continuity with depth.

Ongoing improvements to mining accuracy continue, including the implementation of Orica's open pit OrePro™ blast movement modelling software, following a period of review and comparison with other available technologies. The implementation of this technology is expected to enhance the management of ex-pit ore grades.

### 1.2.3. KOTH Underground Mining Activities

During the December Quarter, the KOTH underground ramp-up schedule continued with over 44,000 tonnes of stope ore hauled to surface stockpiles in December. Work crews were generally at full complement during the Quarter, with some turnover occurring. All equipment is now on site and operational, with efficient levels of production drill sites, drilled stock and blasted stock allowing for a step-up in production output, with the underground operation now well-positioned to achieve the remaining FY23 plan.

Underground mine development activities continued during the Quarter, with 1,326 metres of development completed. Significant focus is being placed on accessing new virgin territory areas in the Regal and East declines that have recently been delineated by underground diamond drilling.

### 1.2.4. Darlot Underground Mining Activities

**Table 2:** Darlot Gold Mine – Mine Production Statistics

	Units	Dec-22 Quarter	Sep-22 Quarter	Jun-22 Quarter
Mined tonnes	t	179,877	173,838	163,821
Mined grade	g/t	2.13	2.55	2.00
Contained gold in ore	oz	12,317	14,262	10,557

The reduction in grade for the December Quarter is primarily attributed to the lower-grade Lords and Thomson stopes. The accelerated development strategy, undertaken with Redpath Australia, has allowed the commencement of stoping in the Middle Walters South (MWS) and Burswood sectors. Stope production will continue in these areas following the completion of development work by Redpath in January 2023 and is expected to improve the grade mined in the March 2023 Quarter.

Stope production during the Quarter was sourced from the Grace, Border, Thomson, Lords, Walters and Federation areas. Improvements to QAQC in drill-and-blast techniques and plans are being actively worked on. Furthermore, a surface tele-remote system has been commissioned in January 2023 to allow remote operations during blasting clearance time, which will accelerate stoping production in subsequent quarters.

Ore development for the December Quarter at Darlot focused on the MWS, Lillee and Thomson areas. Capital development progressed in the MWS, Pedersen Lower and Centenary 1220 bypass, totalling 1,465 metres for the Quarter.

From January 2023, Darlot is reducing the number of jumbos from three to one, reflecting the successful completion of the mine development undertaken by Redpath. Going forward, the more simplified and targeted mining activities are expected to generate improved cashflows at Darlot.

### 1.3. FY2023 Production and Cost Guidance

With operations reaching a steady-state in December 2022, reporting of All-in Sustaining Costs (AISC) and other financial metrics will commence from the March 2023 Quarter.

Gold production guidance for the six months from 1 January 2023 to 30 June 2023 is 90,000 – 105,000 ounces at an AISC of A\$1,750 – A\$1,950 per ounce.

	Production (koz)	AISC (A\$/ounce)	Growth* (A\$m)
<b>H2 FY2023 guidance</b>	90 – 105	1,750 – 1,950	5 – 10

\*Growth capital will fund the completion of TSF5 and additional minor operating enhancements to the KOTH process plant.

Over the next six months, mining volumes in the open pit are scheduled to stabilise at approximately 1.0-1.1M BCM per month. Processing plant feed grade is expected to increase as the open pit bench levels progressively mine through the mineralised ultramafic/granodiorite intrusion contact. Grade control drilling of these initial primary ore body levels is confirming the expected tonnes and grades.

The construction and commissioning of Tailings Storage Facility 5 (TSF5) is expected to be completed in the March 2023 Quarter.

## 2. KOTH EXPANSION PROJECT

Red 5 has commenced work programs focused on expanding the KOTH process plant throughput from the current planned throughput capacity of 4.7Mtpa to a target throughput capacity of ~5.5Mtpa in FY2024.

The KOTH mill, as-built, has the potential for higher throughput rates than the current nameplate, with a 6Mtpa crushing circuit installed and the twin motor (2x9MW) SAG mill installed having significant latent capacity.

The Company considers that a throughput capacity of ~5.5Mtpa can be achieved with sequential debottlenecking, with a particular focus on the grinding, tails pumping, leaching and elution components.

In addition, the Company is also undertaking a KOTH Process Plant Expansion Study, targeting further incremental throughput growth beyond 5.5Mtpa. Mintrex will perform the study to expand the crushing and processing circuit and Orelogy for the open pit mine optimisation and expansion.

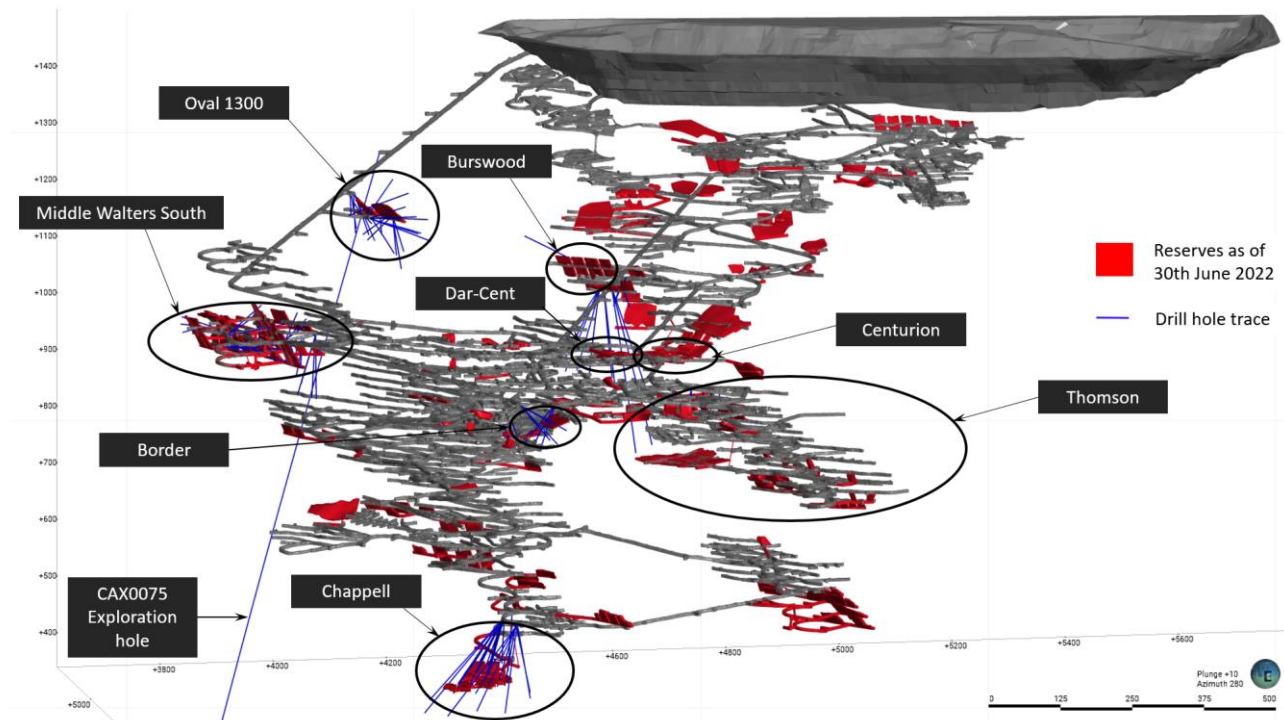
This study is expected to be completed in the second half of FY2023.



### 3. EXPLORATION AND RESOURCE DEVELOPMENT

#### 3.1. Darlot Grade Control and Resource Extension Drilling

Recent drilling at the Darlot Gold Mine has confirmed Ore Reserves underpinning the FY23 and FY24 mine plan and identified new targets for potential Resource extension. Encouraging results have been recorded in a number of key areas, which have confirmed and, in some instances, identified the potential to upgrade existing Resource estimates.



**Figure 3:** Oblique view showing Ore Reserve locations as at 30 June 2022, and drill traces with gold intercepts of +1g/t Au from drilling since January 2022.

Assay results were reported during the December Quarter from the Middle Walters South, Centurion, Dar-Cent, Thomson, Burswood, Border, Oval 1300 and Chappell mining areas at Darlot.

In addition, exploration drilling has successfully generated new targets for Resource extension, with strong results received from hole CAX0075, drilled just 320m from the current development in the Lords South mining area. Significant intercepts from CAX0075 include:

- 9.0m at 4.9g/t from 729m (CAX0075)
- 9.5m at 1.3g/t from 623.5m (CAX0075)

Surface grade control drilling at the St George open pit satellite deposit at Darlot also returned significant intersections including:

- 3.0m at 2,999.3g/t from 41m (SGGC122) – equivalent to 105oz/tonne
- 1.0m at 203.6g/t from 15m (SGGC007)

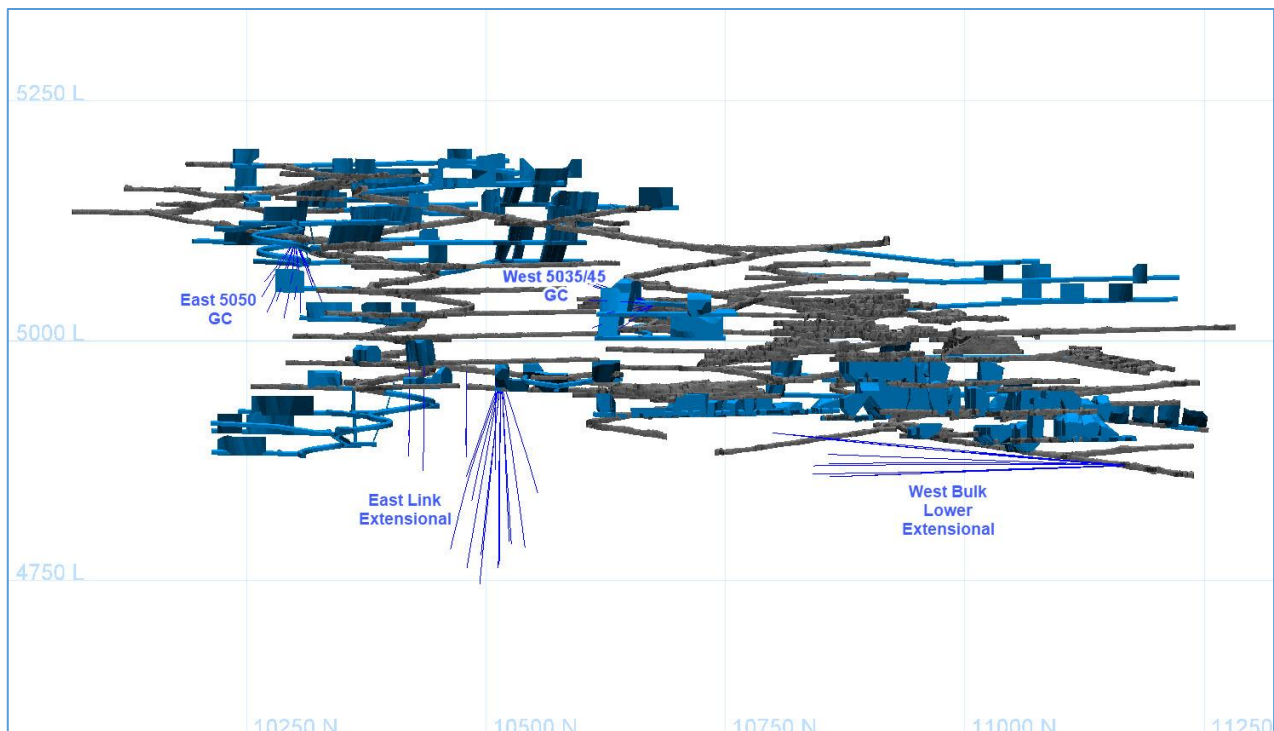
The potential development of a satellite open pit at St George will be evaluated at a later date.

Full details of the Darlot drilling program and assay results were provided in the Company's ASX Announcement dated 20 December 2022.

### 3.2. King of the Hills Underground

At KOTH, approximately 8,836 metres of drilling was undertaken during the Quarter focused on:

- Grade control drilling of West 5035/45 bulk stopes, targeting the granodiorite/ultramafic contact hosted mineralisation in the area between the “east and west flanks” area of the mine, for stopes planned to be mined in FY23;
- Grade control drilling of remaining planned stoping areas on the eastern flank of the granodiorite to the south of current workings at the 5050mRL, for a bulk stope located adjacent to the granodiorite/ultramafic contact;
- Extensional drilling along the high-grade trend south of the Regal decline from the East-West Link area, targeting the Regal, Kaiser and Imperial structures at depth, as well as for grade controlling planned stopes for FY23 and FY24. Assay results to date and visual inspection of the core indicate the potential for a Resource increase; and
- Commencement of grade control drilling below the West Bulk mining area, targeting east-west tension veins that propagate from the granodiorite-ultramafic contact to the Imperial structure to the west. Drilling is expected to confirm the Resource in the local area.



**Figure 4:** Long section view looking west showing the key areas drilled at KOTH underground during the Quarter.

### 3.3. Air-core Drill Programs

#### 3.3.1. Yandal South Aircore Program

Air-core drill programs targeting the NW Structure and Coodawa prospects at Yandal South were completed in the December 2022 Quarter, totalling 122 drill holes for 5,708 metres.

##### 3.3.1.1. NW Structure Aircore Program

The completed AC program over the NW Structure target comprised 80 drill holes for 3,180 metres.

Encouraging results from logging have identified potentially wide anomalous zones of weak mineralisation along the prospective 1.2km strike length of the targeted NW structural corridor at Yandal South.

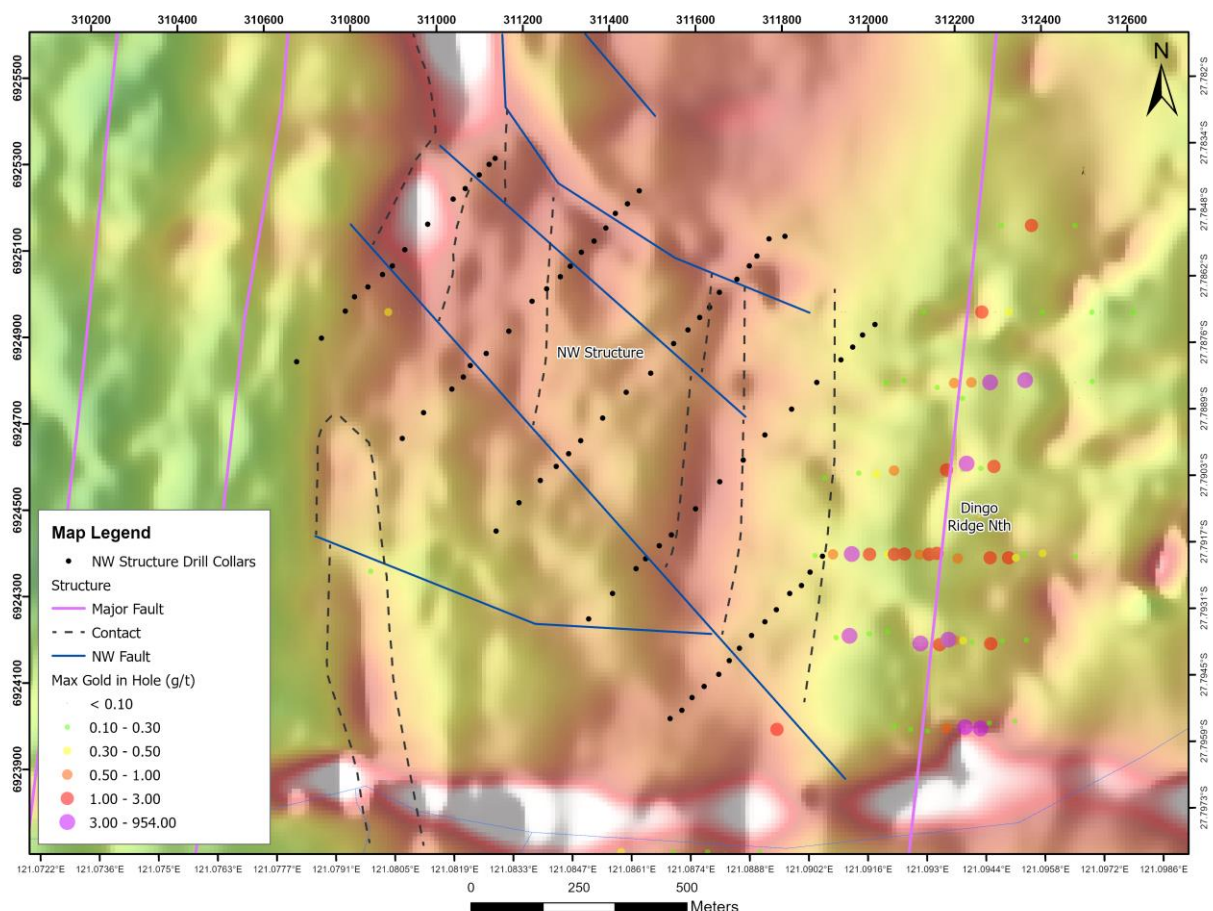


Two of the holes in particular show impressive mineralised rock fragments as shown in photos below, with assays pending from the initial 4-metre composites.

The mineralisation appears to be spatially associated with interactions between NW faults and certain stratigraphic boundaries. This carries significant implications for large areas of untested ground for follow-up drilling.



**Figure 5:** Visually encouraging EOH chips. These share a common structure and are separated by a 600-metre strike length - refer to the map below at Figure 6 showing the location. The left-hand photo above is the chip sample from the most north-western location (magenta square symbol) and the right-hand side is from the south-eastern corner.



**Figure 6:** NW Structure drilling showing drill collars overlaying magnetics, interpreted faults and geology contacts with maximum down hole gold values of the historical Dingo Ridge drilling to the east.

#### **3.3.1.2. Coodawa Aircore Program**

The completed AC program over the Coodawa area comprised a total of 42 drill holes for 2,430 metres.

At the time of writing, approximately 150 samples are awaiting assay results to be returned. The Coodawa air-core drilling results will be reported during the March Quarter.

#### **3.3.2. Mt Zephyr and Gale South Aircore Program**

AC drill programs at Mt Zephyr were completed in the December Quarter, totalling 87 drill holes for 2,535 metres.

Assay results for the submitted 4-metre composite samples are pending, with encouraging geology observed from the Gale South drilling, indicating potential continuity of the Gale mineralisation to the south of the prospect.

The completed AC program at Gale South comprised 27 drill holes for 607 metres and was designed to test for gold anomalism over a 2km long demagnetisation zone located immediately south of Gale Prospect.

Geology logging from the 4-metre composite samples indicates potential continuity of the mineralisation south of the Gale Prospect. Favourable geology has been intersected within corridors and identified in the Gale prospect and on sheared contacts between different lithological types.

### **4. CORPORATE AND FINANCIAL**

#### **4.1. Share Placement**

Red 5 completed a \$60m two-tranche placement during the December Quarter, which was well supported by domestic and international institutional investors.

The Placement comprised the issue of 375 million New Shares at \$0.16 per Share (Placement Price).

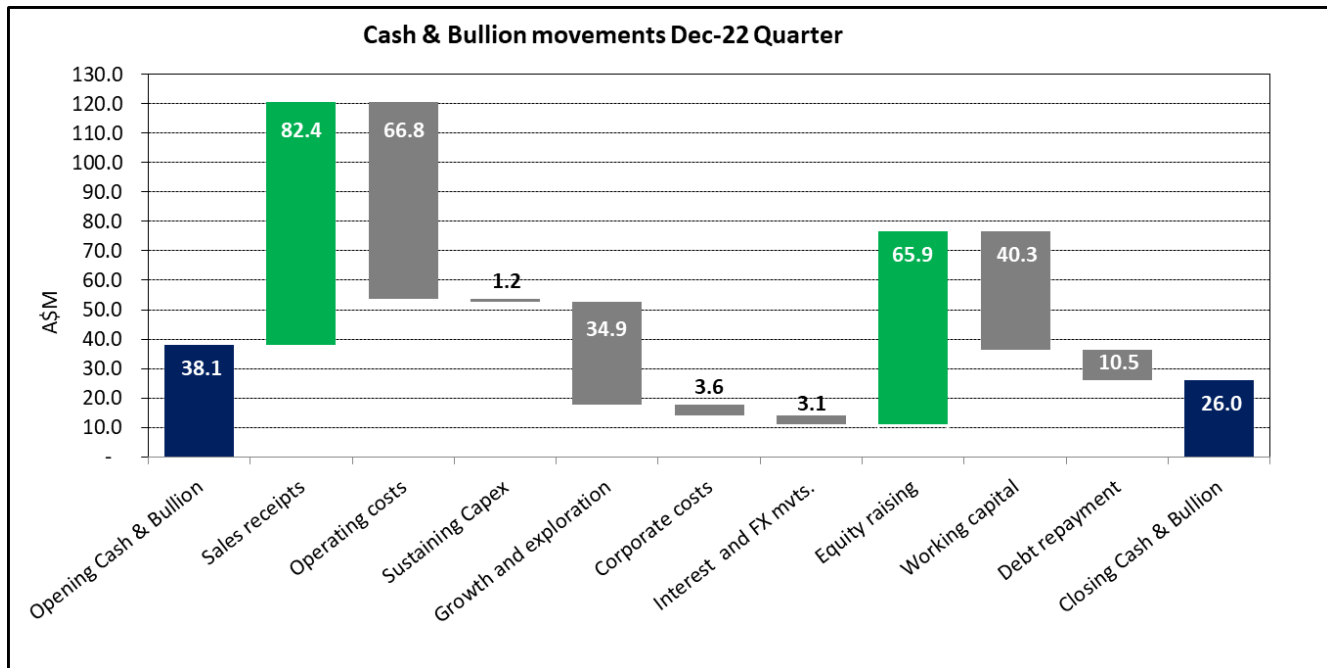
#### **4.2. Share Purchase Plan**

In addition to the Placement outlined above, Red 5 also undertook a Share Purchase Plan (SPP) offer to all shareholders.

The SPP had initially sought to raise up to \$6m, however following a strong uptake from shareholders, the Company received applications for a total of 55,652,500 ordinary shares for gross subscription proceeds of \$8.9m.

As a result of the strong support for the Share Purchase Plan from the Company's retail shareholders and in accordance with the terms of the Share Purchase Plan offer, the Directors decided to accept oversubscriptions to the full amount subscribed, enabling shareholders to participate to the fullest extent of the applications submitted. The use of funds raised from the Placement and the Share Purchase Plan were outlined in the capital raising announcement to the ASX on 3 October 2022 and in subsequent ASX announcements.

### 4.3. Quarterly Cash Position



During the December Quarter, cash flows from operations were \$14.4m. Proceeds from gold sales of 35,100 ounces for the quarter were \$82.4m at an average sales price A\$2,348 per ounce. Gold sales were conducted at both spot gold and hedged prices, with 20,798 ounces delivered into gold forward contracts at an average price of A\$2,152 per ounce. Operating expenditure payments including royalties were \$66.8m, while \$40.3m was applied to working capital from the September 2022 equity raising.

Growth capital of \$34.9m for the Quarter included \$27.0m for KOTH open pit waste stripping activities, \$1.6m for Darlot underground development and the balance on the KOTH TSF5 project and exploration activities.

At 31 December 2022, the Company had total cash and cash equivalents of \$26.0m (\$17.8m cash and bullion, \$8.2m in cash reserve accounts).

### 4.4. Loan facility and hedging

During the December Quarter, Red 5 completed its first KOTH debt repayment of \$10.5m. At 31 December 2022, \$164.5m of the KOTH debt facility remains outstanding.

In accordance with Red 5's obligations under the KOTH debt facility, Red 5 amended the debt repayment profile and entered into an additional 125,010 ounces of forward gold contracts for between January 2023 and September 2026, at an average price of A\$2,780 per ounce. At 31 December 2022, Red 5 had 293,863 ounces of forward gold contracts outstanding between January 2023 – September 2026 at an average price of A\$2,420 per ounce (representing approximately 35-40% of expected production during this period). Red 5 is also required to enter into additional forward gold contracts of up to 70,000 ounces in the March Quarter, which will be offset by 23,000 ounces due for delivery.

Authorised for release by the Board.

**ENDS**

For more information:

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**Competent Person Statement for Exploration Results**

The information in the report to which this statement is attached that relates to Exploration Results is based upon information compiled by Mr Byron Dumpleton, a Competent Person, who is a Member of the Australian Institute of Geoscientists (membership number 1598). Mr Dumpleton is a full-time employee of Red 5 Limited. Mr Dumpleton 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dumpleton consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

**Competent Person Statements for 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.