



Investor Presentation – 3 August 2017

Mark Williams, Managing Director

# A new consolidation and growth strategy in Western Australia's Eastern Goldfields

# Competent Person's Statement & Disclaimer

## **Competent Person's Statement for Siana JORC 2012 Mineral Resource and Ore Reserve**

The information in this presentation that relates to Mineral Resources for the Siana Underground is extracted from the report titled Siana Underground Mineral Resource dated 23 February 2016 and is available on the ASX web-site. The information in this presentation that relates to Ore Reserves at the Siana Underground is extracted from the report titled Siana Gold Project: Underground Mine Approved for Development Following Completion of Positive Updated Feasibility Study dated 14 June 2016 and is available on the ASX web-site. 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.

## **Production forecasts**

The Company confirms that all material assumptions underpinning the Siana Underground production target and financial information derived from the production target referred to in this report continue to apply and have not materially changed from when they were first reported on 14 June 2016, within the report titled Siana Gold Project: Underground Mine Approved for Development Following Completion of Positive Updated Feasibility Study, which is available on the ASX web-site. In addition, the ore reserves underpinning the production forecast at the Siana Open Pit in this report are probable ore reserves and have been prepared by a competent person in accordance with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition) (**JORC 2012**).

## **Competent Person Statement - Darlot**

A competent person has not done sufficient work to classify the foreign estimates as Exploration Results, Mineral Resources or Ore Reserves in accordance with the JORC 2012 and it is therefore uncertain that following evaluation and/or further exploration work the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC 2012. However, Mr Byron Dumpleton, Member of the Australian Institute of Geoscientist (Member No 1598) has confirmed that the information that has been provided under ASX Listing Rules 5.12.2 to 5.12.7 in relation to Darlot is an accurate representation of the available data and studies for Darlot referred to in this presentation, as certified by the SAMREC compliant report listed in annexure A to the ASX announcement dated 3 August 2017. Mr Dumpleton is a full-time employee of Red 5 Limited and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC 2012. Mr Dumpleton consents to the inclusion in this presentation of this information in the form and context in which it appears.

## **Competent Person Statement – King of the Hills**

The information in the presentation to which this statement is attached that relates to Exploration Results and Mineral Resources related to King of the Hills as certified by the JORC 2012 compliant report referred to in this presentation, is based upon information compiled by Mr Byron Dumpleton, a Competent Person who is a member of the Australian Institute of Geoscientists (Member No 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 JORC 2012. Mr Dumpleton consents to the inclusion in the presentation of matters based on this information in the form and context in which it appears.

## **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.

# A Brief Introduction to the Red 5 Group

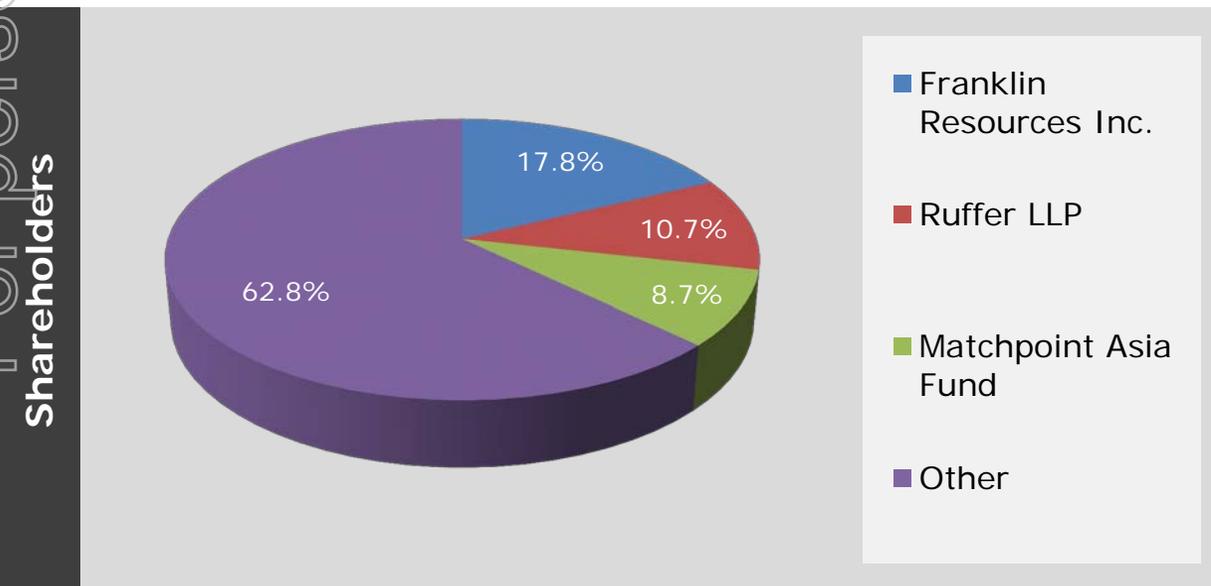
- Australian gold explorer, developer and producer – listed on ASX since 1996 and focused on the Philippines for most of its history
- Key asset of the Red 5 Group is the Siana Gold Project (SGP) in the Philippines
- Current management team successfully restarted SGP in 2015
- Implemented revised open pit mining strategy to optimise production
- Updated Feasibility Study completed on long-term underground mine:
  - *8-year production mine life mining 3.8Mt @ 4.6g/t gold equivalent to produce 504,000oz of gold*
- Successfully commenced underground development in October 2016:
  - *Achieved to date: Completed construction of 3 portals, ~455m of drives and important surface infrastructure*
- Suspended mining operations (open pit and u/g) in April 2017 due to uncertain regulatory and political environment in the Philippines



# Red 5 Corporate Overview

ASX code	RED
Share price (as at 31 July 2017)	A\$0.036
Issued shares	763.8M
Market capitalisation (at 3.6cps)	~A\$27.5M
Cash (at 24 July 2017)	~A\$16.0M
Enterprise value	~A\$11.5M
Debt and hedging	Nil

Directors and Management
Kevin Dundo – <i>Chairman</i>
Mark Williams – <i>Managing Director</i>
Ian Macpherson – <i>Non Executive Director</i>
Colin Loosemore – <i>Non-Executive Director</i>
Frank Campagna – <i>Company Secretary</i>



**Our Company Vision**

*“To be a successful multi-operational mineral resource company, providing benefits to all stakeholders, through the consistent application of responsible and sustainable industry practices.”*

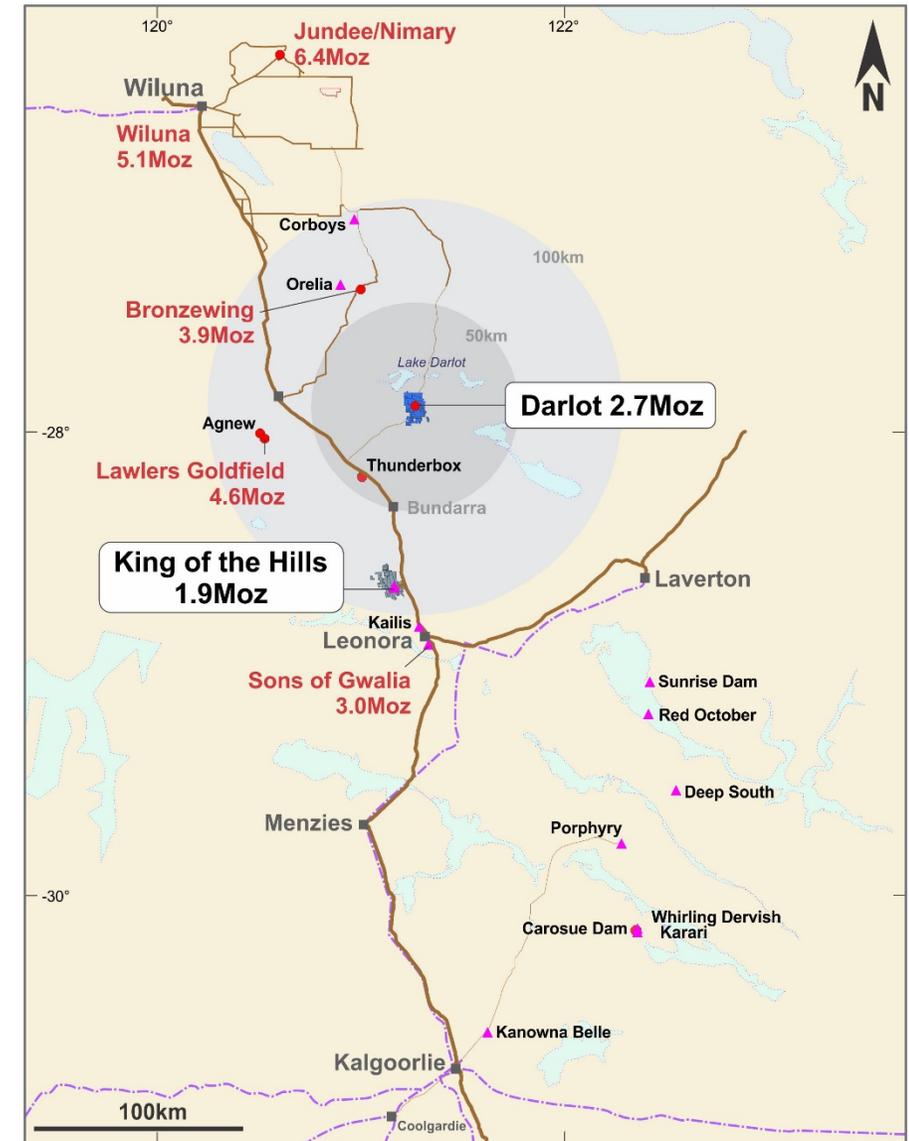
For personal use only

# Consolidation Strategy in WA's Eastern Goldfields

- Opportunity to acquire the operating Darlot Gold Mine, located in the heart of the prolific Leonora-Leinster mineral province:
  - *2016 produced 66koz from 454kt\**
  - *High-quality mill and infrastructure with potential to become central processing hub*
- Darlot is the key to unlocking numerous neighbouring gold deposits within a 100km radius:
  - *SAMREC 2016 Mineral Resource of 224,000oz\**
- King of the Hills is the first additional deposit to be targeted:
  - *80km south of Darlot*
  - *JORC 2012 Mineral Resource of 402,000oz\*\**
- Red 5 management team has extensive international operating experience in the gold sector – well placed to unlock value

\* Gold Fields Resource and Reserve Supplement 2016 p.69 and p.71

\*\* As at 30 June 2017 per Saracen Resource and Reserve Statement 2 August 2017



# Stage 1: Darlot + King of the Hills

- Darlot mill has operating capacity of:
  - *830,000tpa – sulphide ore\**
  - *Can be upgraded to 1,100,000tpa capacity for a relatively small spend\**
  - *Currently under-utilised*
  - *~94% recoveries\*\**
- Opportunity to reduce cost per tonne at Darlot by:
  - *Mining ore adjacent to previously mined areas and close to existing underground development*
  - *“Right-sizing” the mining equipment*
  - *Increasing the processing plant throughput*
- **Stage 1 Mine Plan:** to maximise mill throughput over 3 - 4 year period by processing ore from both Darlot and King of the Hills
- **Stage 2 Mine Plan:** to increase Reserves by undertaking regional exploration and opportunities for acquisition of neighbouring prospects

\* Gold Fields Darlot Site Visit Presentation 14 July 2014

\*\*Gold Fields Resource and Reserve Supplement 2016 p.67 and p.69



# Consolidation Strategy – Key Elements

## ■ Darlot Gold Operations

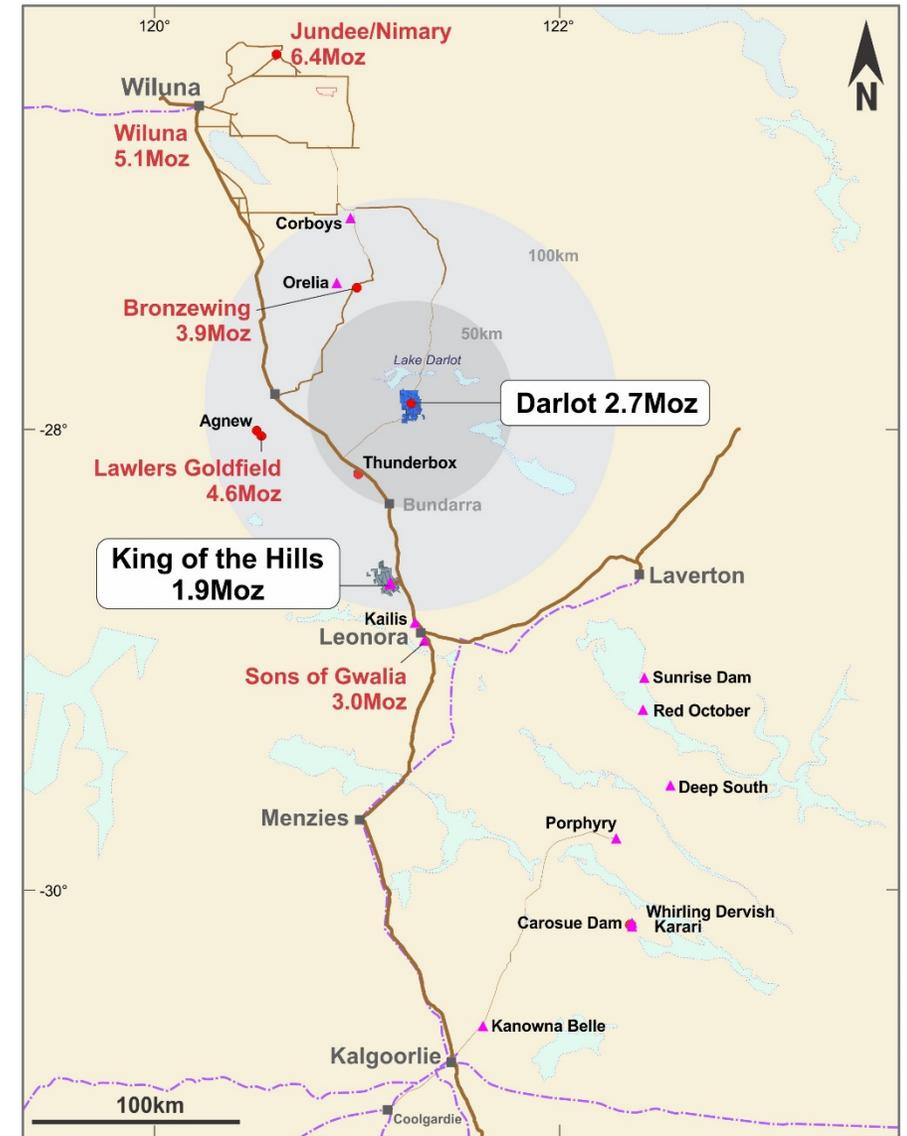
- Binding acquisition agreement with wholly owned subsidiary of Gold Fields
- Potential to establish existing plant and infrastructure as a regional processing hub
- Unique opportunity to acquire a high quality, high grade, operating gold mine in a stable jurisdiction with significant exploration potential

## ■ King of the Hills Gold Project

- Binding acquisition agreement with Saracen Mineral Holdings
- Underground Resource and open pit potential

## ■ Other 'bolt on' neighbouring opportunities

- Numerous undeveloped gold deposits within a 100km radius of the Darlot plant
- Red 5 would assess a number of additional business development opportunities



Historical production from key gold projects in the Eastern Goldfields

# Darlot Gold Mine – Acquisition Terms

The structure of the consideration for the Darlot Transaction is:

a) Upon completion of the SPA (Completion), Red 5 will make the following payments to Gold Fields:

*i. A cash payment of \$7,000,000 (Cash Consideration);*

*ii. The issue of 130,000,000 Red 5 shares to Gold Fields, such shares to be escrowed for a period of 12 months (Share Consideration);*

b) \$5,000,000 (Deferred Consideration) is payable 24 months after Completion (Second Anniversary Date), payable in cash or shares, as follows:

*iii. at Gold Fields' election, part or all in shares 12 months after Completion (First Anniversary Date), the deemed issue price of the shares shall be equal to the 30-day Volume Weighted Average Price of Red 5's shares immediately prior to the First Anniversary Date, and shares issued shall be escrowed until Second Anniversary Date; or*

*iv. at Gold Fields' election, part or all in shares at the Second Anniversary Date, the deemed issue price of the shares shall be equal to a 15% discount to the 30-day Volume Weighted Average Price of Red 5's shares immediately prior to the Second Anniversary Date*

*In the event that receiving all of the Deferred Consideration in shares would result in Gold Fields' shareholding in Red 5 increasing to more than 20% (or if then above 20% at the time of issue, to a percentage beyond that number), the number of shares issued to Gold Fields shall be reduced such that Gold Field's shareholding does not exceed 20% (or if then above 20% at the time of issue, to a percentage beyond that number), and the difference between value of the shares issued to Gold Fields and \$5,000,000 shall be settled through a cash payment from Red 5 to Gold Fields*

# Darlot – Assets and Infrastructure

- Operating gold mine located ~900km NE of Perth
- Rich goldfield with production of 2.7Moz over a 28 year operating history\*
- Historical production averaging 94koz/yr since 1989
- Fully operational 0.83Mtpa gold processing plant (refurbished in 2010-2013), excess mill capacity\*\*
- Mineral Resources: 1.2Mt @ 6.0g/t Au for 224,000oz, as at 31 December 2016\*\*
- Mining camp, including 402 rooms, mess and other camp associated facilities
- Total land-holding of approximately 13,900ha
  - Extensive on-site infrastructure – ROM pad, paste plants, tailings dams, maintenance workshops, exploration/core logging and storage facilities, CASA certified airstrip
- All required utilities including power and water

\* *Minex Consulting compilation of historical production July 2017*

\*\* *Gold Fields Resource and Reserve Supplement 2016 p.71*

\*\*\* *Gold Fields Darlot Site Visit Presentation 14 July 2014*



# Key Strategies

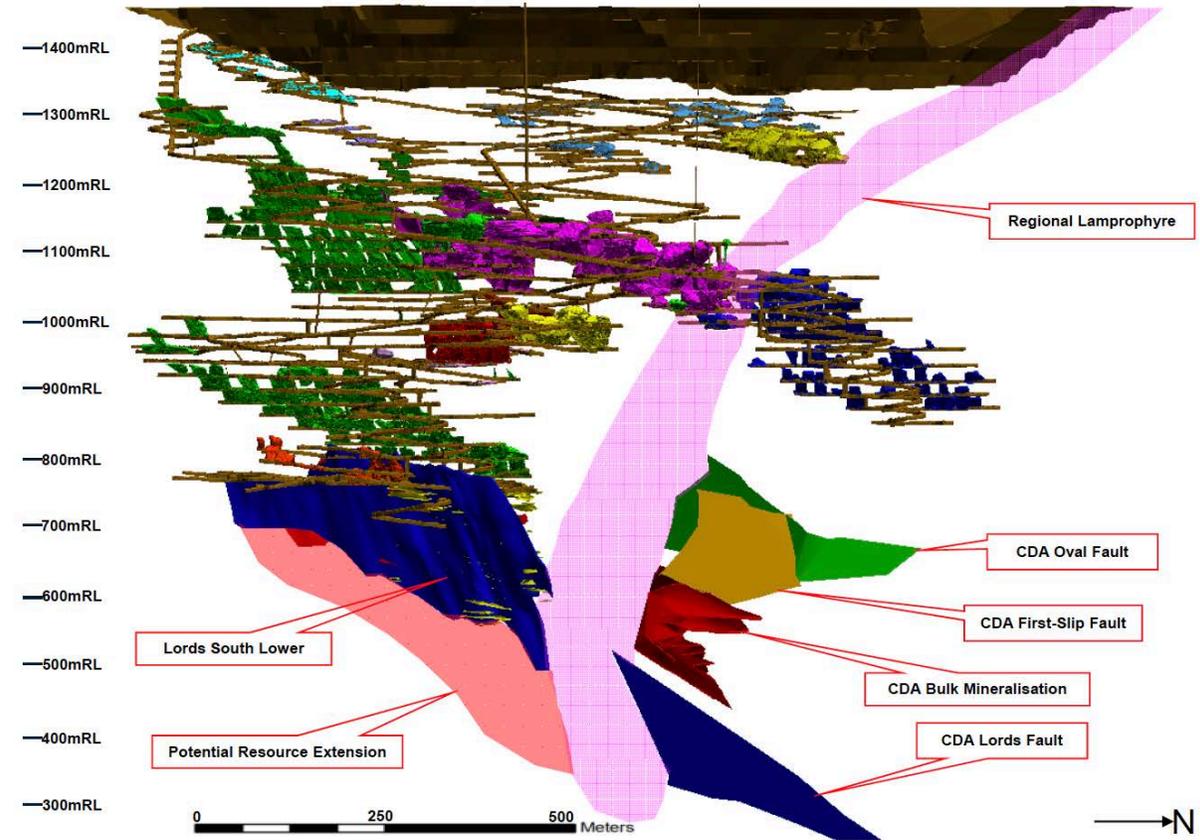
- Employ adaptable mining equipment and mining method selection to allow remnant mining to increase recovery of existing resources and extend life at Darlot. Remnant mining requires less capital investment
- Combine extended Darlot with King of the Hills ore to return processing plant to full capacity, and spread fixed overhead costs
- Apply lower cost focus to constantly re-optimize and reduce costs
- Small market capitalization and dealing flexibility gives Red 5 greater ability to assess deals with owners of existing undeveloped resources within trucking distance of Darlot
- Red 5 has bought time to allow the last two years of intensive exploration work by Gold Fields and Saracen to deliver additional upside



**Darlot processing plant: refurbished in 2013, well maintained and ideally located to become a regional processing hub**

# Darlot – Mining and Processing Upside

- Gold Fields has invested in exploration to rebuild the production pipeline, and has improved confidence in the Lords South Lower and CDA Oval orebodies, as well as a number of smaller orebodies
- Potential to lower mining costs by extracting ore from the upper levels of the mine with minimal capital development required
- Potential to unlock other cost efficiencies by changing mining strategy to accommodate multiple underground orebodies
- Review the extensive underground resource base that didn't meet SAMREC / Gold Fields guidelines
- Delineate stoping areas that can be economically extracted from the current resource model – some rehabilitation required, but minimal capital development

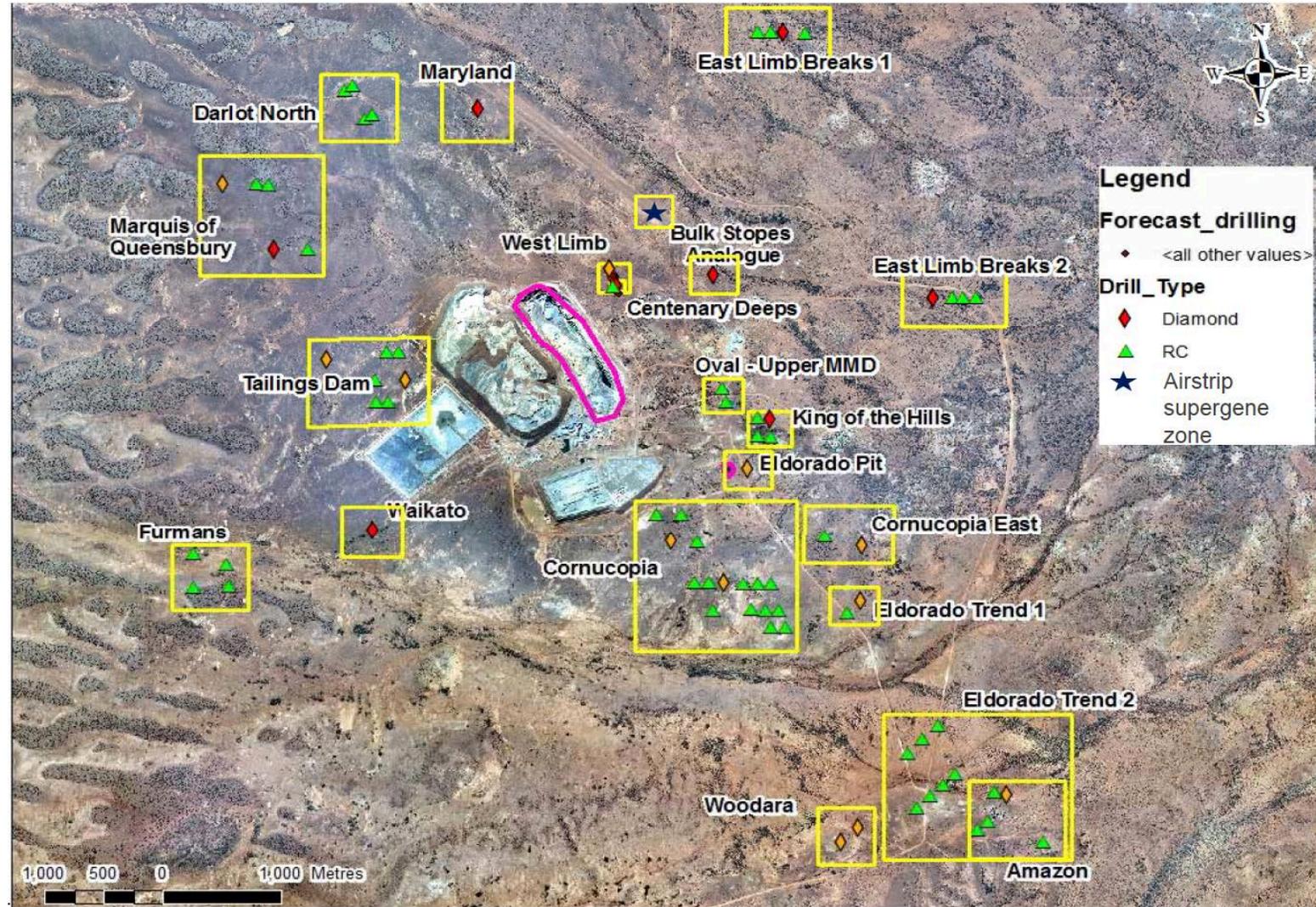


Source: Gold Fields Site Visit Presentation 14 July 2014 p45

**Darlot – Centenary underground mines and historical open pit: opportunity to lower mining costs and unlock other efficiencies by adopting new mining strategies**

# Darlot – Exploration Upside

- Total land-holding of 13,900ha with all tenements in good standing
- Minimal third-party royalties
- Numerous ore grade intercepts recorded over multiple prospect areas
- Excellent potential both to extend existing zones and discover new deposits
- Vast drilling database and exploration works provides excellent vectors for follow-up exploration
- The work includes:
  - *Comprehensive cutting-edge 3D seismic studies*
  - *Structural modelling*
  - *Geochemical surveys*
  - *Fingerprinting exercises*



Source: Gold Fields Site Visit Presentation 14 July 2014 p.45

# Darlot – Integration Sequence

## ▪ Stage 1 (pre-completion)

- *Operational planning*
- *Delineate stope areas within existing resource base for extraction*
- *Develop costed mine schedule*

## ▪ Stage 2 (1-3 months)

- *Implement operational plan*
- *Utilise transitional services agreement with Gold Fields*
- *Review opportunities for operational improvements*
- *Review of LOM mine plan*
- *Continue review of exploration targets*

## ▪ Stage 3 (3-9 months)

- *Resource and Reserve optimisation*
- *Commence drilling of exploration targets*
- *Commence production from King of the Hills to bring the Darlot process plant to increased capacity and reduce unit fixed costs*



# Consolidation Strategy – King of the Hills

## ▪ Darlot Gold Operations

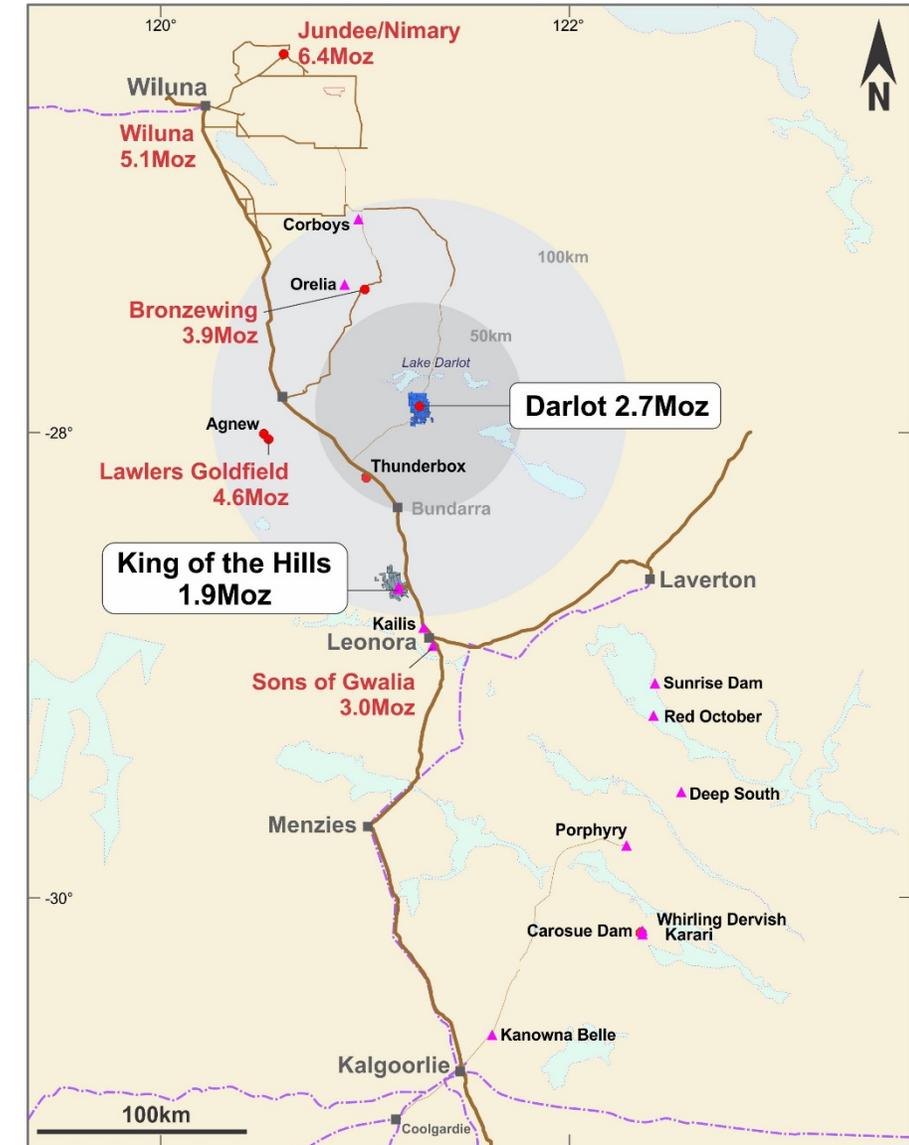
- Binding acquisition agreement with Gold Fields
- Potential to establish existing plant and infrastructure as a regional processing hub

## ▪ King of the Hills Gold Project

- Binding acquisition agreement with Saracen Mineral Holdings
- Underground Indicated and Inferred Resource of 402,000oz of contained gold
- Open pit potential – Red 5 has initiated a preliminary investigation on the potential for heap leaching of low and medium grade ores at King of the Hills
- A scoping study laboratory test work program has been developed to assess the heap leach amenability and possible beneficiation of the ore. The study will target both existing medium grade stockpiles and fresh ore from the proposed underground

## ▪ Other 'bolt on' neighbouring opportunities

- Numerous undeveloped gold deposits within a 100km radius of the Darlot plant
- Red 5 would assess a number of additional business development opportunities



Historical production from key gold projects in the Eastern Goldfields

# King of the Hills – First Consolidation Asset

- Historical gold project located ~80km south of Darlot and ~28km north of Leonora – previously known as Tarmoola
- Part of a broader package of 'non-core' gold assets currently being offered for sale by Saracen Mineral Holdings
- Historical production by Mt Edon Gold Mines (and others) of 1.6Moz from the open pit (28.4Mt @ 1.7g/t – closed in 2004) and 0.3Moz by St Barbara from the underground (closed April 2015)\*
- Underground Indicated and Inferred Mineral Resource of 2.71Mt @ 4.6g/t Au for 402,000oz of contained gold\*\*
- Includes established site infrastructure immediately adjacent to Goldfields Highway and near mining centre of Leonora
- Tenement holding of 11,751 Ha with excellent exploration potential within the under-explored leases (*Historical focus was targeted on near surface oxide resources and near mine opportunities*)

\*Saracen Presentation 7 September 2016 p.15

\*\*As at 30 June 2017 per Saracen Resource and Reserve Statement 2 August 2017



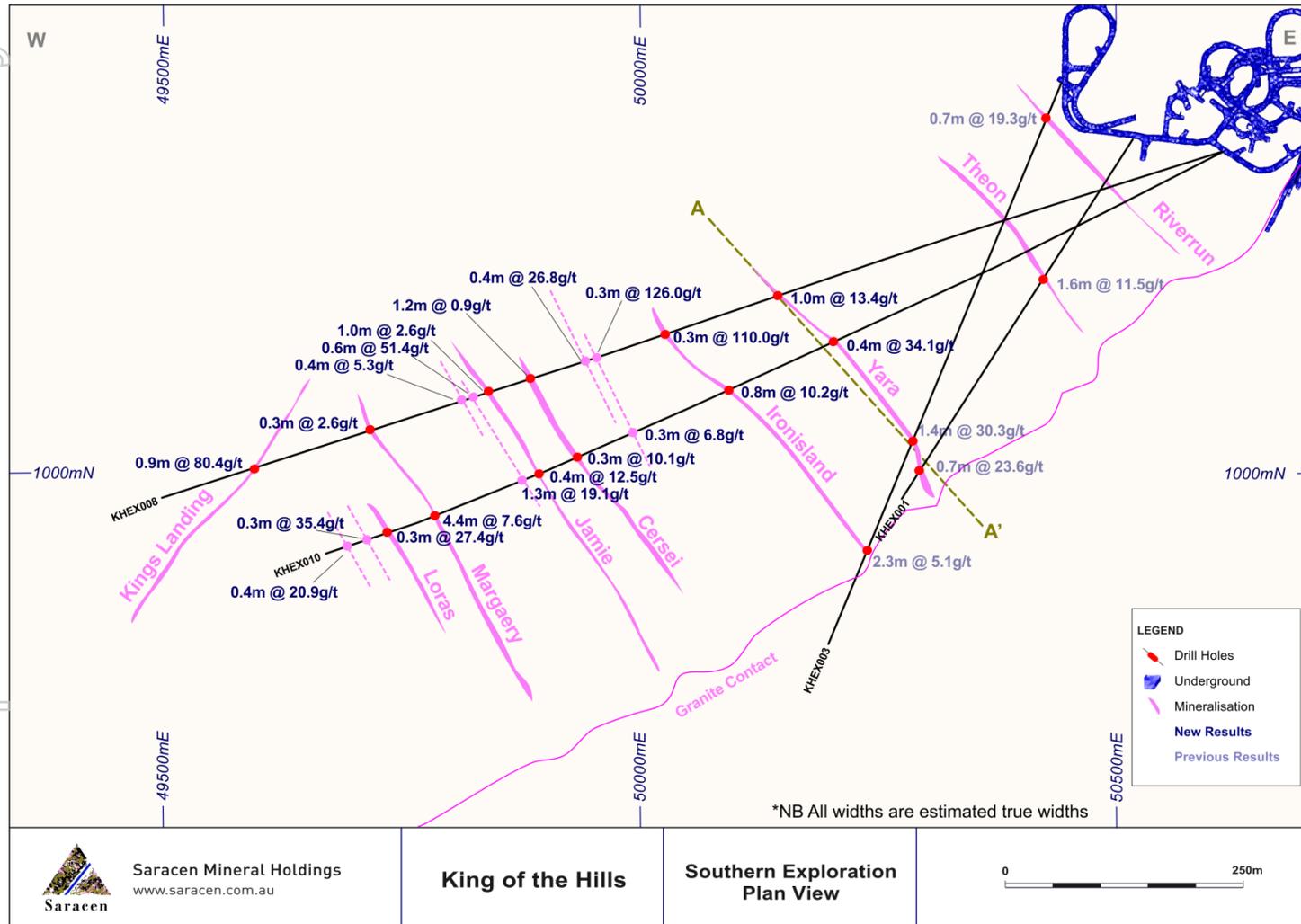
# King of the Hills – Acquisition Terms

The structure of the consideration for the KOTH Transaction is:

- a) Upon completion of the ASPA (Completion), Red 5 will make the following payments to Saracen:
  - i. *A cash payment of \$7,000,000 (Cash Consideration);*
  - ii. *The issue of 90,000,000 Red 5 shares to Saracen, such shares to be escrowed for a period of 12 months (Share Consideration);*
- b) 12 months after Completion (Anniversary Date), Red 5 will make the following payments to Saracen:
  - iii. *\$4,500,000 payable in cash or Red 5 shares, at Saracen's election (Deferred Consideration). Where Saracen elects to receive the Deferred Consideration as shares, the deemed issue price of the shares shall be equal to the 30-day Volume Weighted Average Price of Red 5's shares immediately prior to the Anniversary Date*

*In the event that receiving all of the Deferred Consideration in shares would result in Saracen's shareholding in Red 5 increasing to more than 15%, the number of shares issued to Saracen shall be reduced such that Saracen's shareholding does not exceed 15%, and the difference between value of the shares issued to Saracen and \$4,500,000 shall be settled through a cash payment from Red 5 to Saracen*

# King of the Hills – Underground Mining Potential



- Underground Indicated and Inferred Mineral Resource of 2.71Mt @ 4.6g/t Au for 402,000oz of contained gold
- New UG mine design developed by Saracen after 6-month trial mining campaign
- Envisions two mining areas in the southern portion of the mine
- Central Area to be accessed via current decline
- South Area to be accessed from new decline developed from South Pit
- SRK reviewing UG mine designs

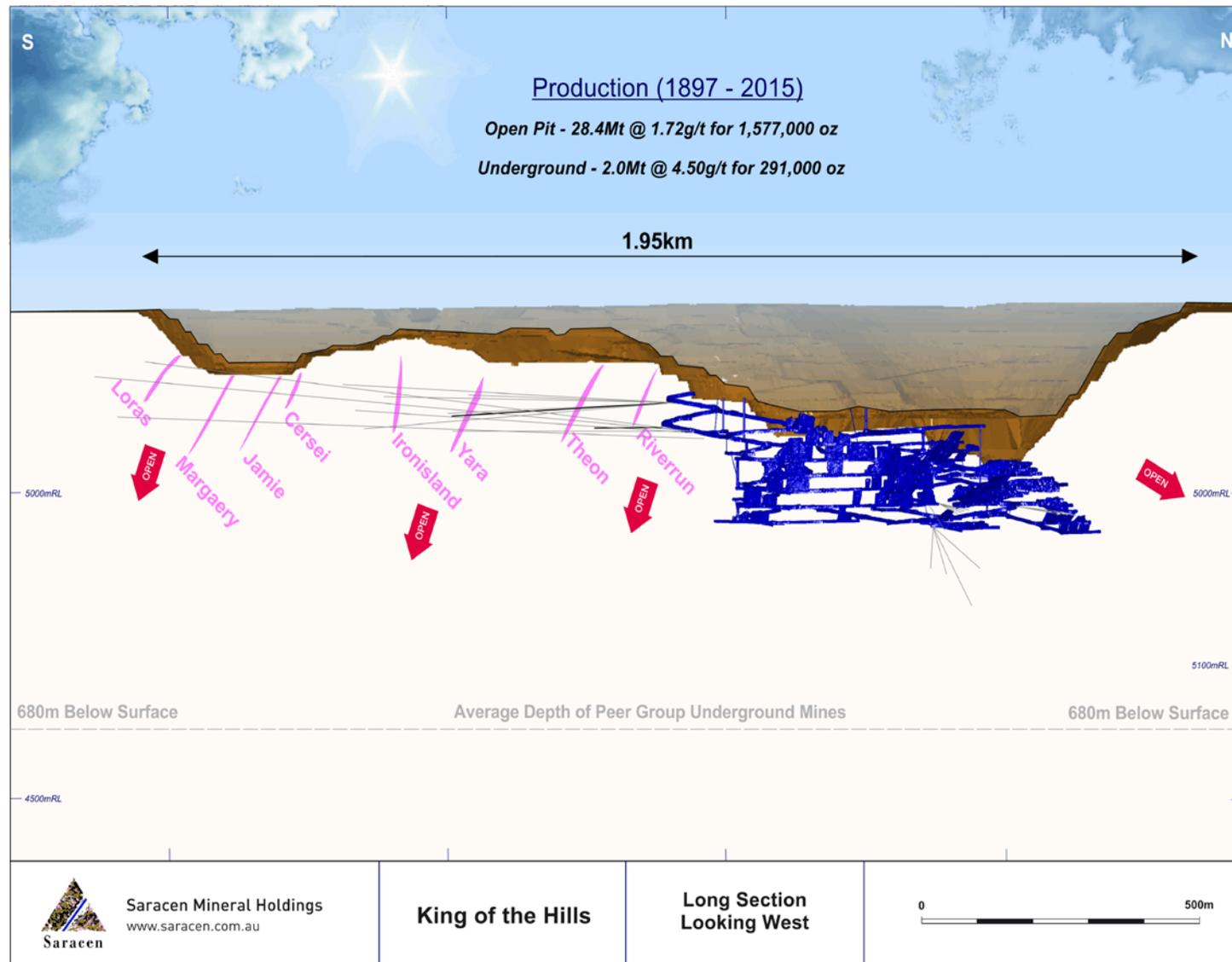
## Southern and Central Proposed Mines

Source: Saracen Presentation 7 September 2016 p16

# King of the Hills – Exploration Potential

- Major shear-hosted gold system
- King of the Hills underground remains open in all directions
- Recent strong drilling results demonstrate exploration upside
- Multiple lodes extending over 1.95km and open at depth, providing numerous exploration drilling targets

**Significant upside from exploration to extend the deposit at depth**



Source: Saracen Presentation 7 September 2016 p15

# King of the Hills – Integration Sequence

## ▪ Stage 1 (pre-completion)

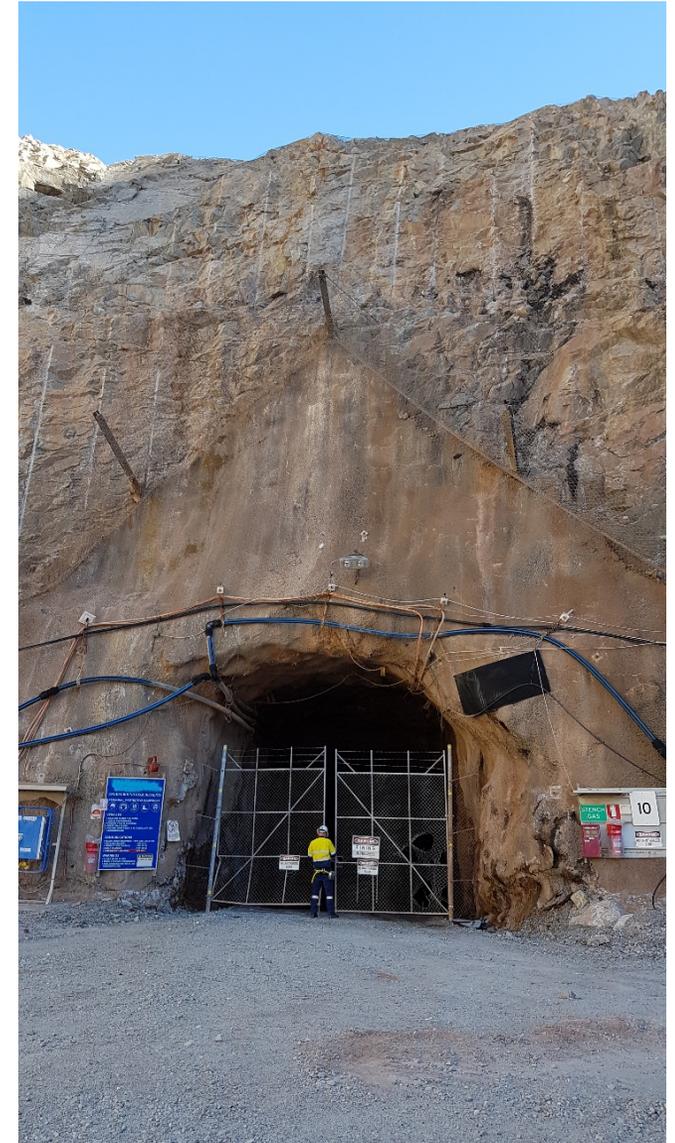
- *Operational planning*
- *Delineate stope areas within existing resource base for extraction*
- *Develop a costed mine schedule*

## ▪ Stage 2 (1-3 months)

- *Detailed review of underground geology*
- *Determine optimal mining strategy*
- *Commence review of LOM mine plan*
- *Progress heap leach study*

## ▪ Stage 3 (3-9 months)

- *Implement operational plan – initially focused on existing King of the Hills North Mine*
- *Commence Resource definition drill program*
- *Commence development of Central Mine*
- *Commence exploration strategy*



# Stage 2: Increase Reserves via Regional Exploration and Assess Neighbouring Prospects

## ▪ Darlot Gold Operations

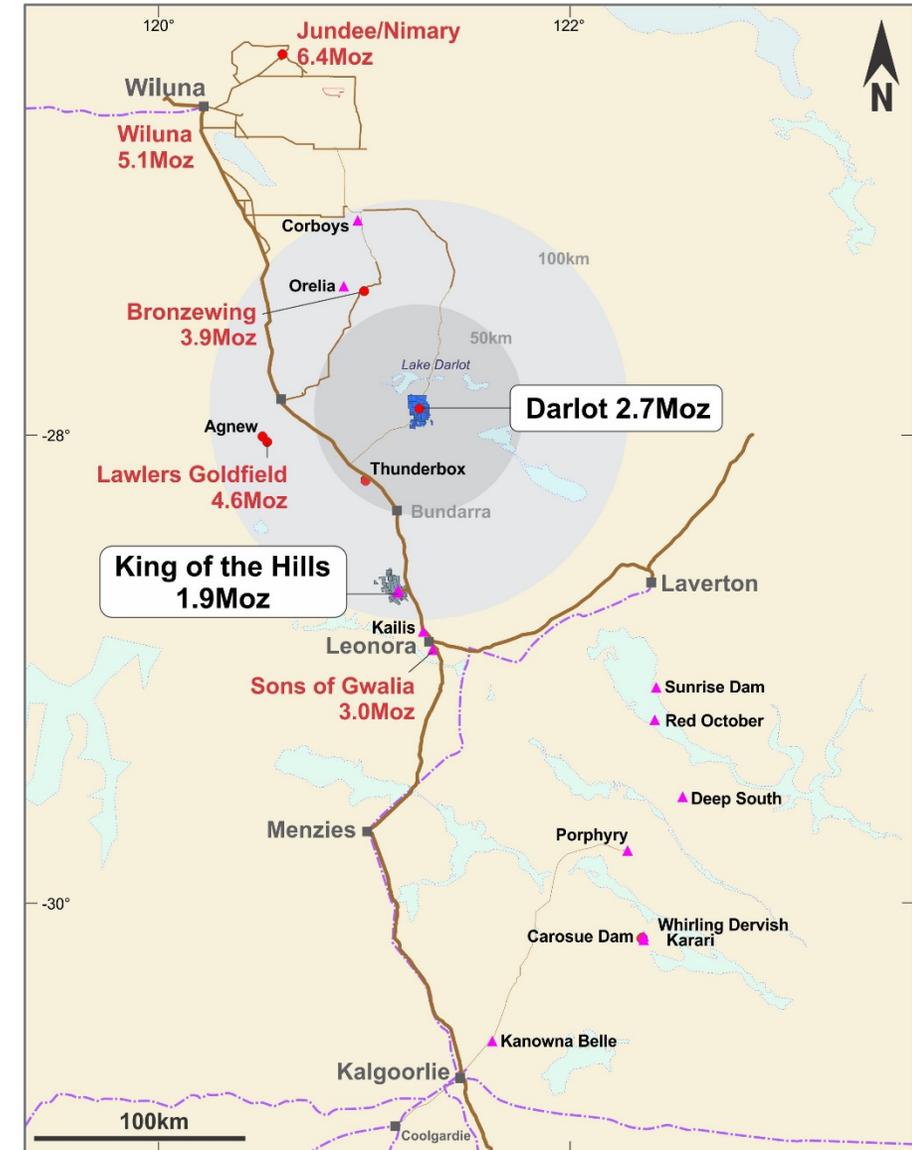
- Binding acquisition agreement with Gold Fields
- Potential to establish existing plant and infrastructure as a regional processing hub

## ▪ King of the Hills Gold Project

- Binding acquisition agreement with Saracen Mineral Holdings
- Underground Resource and open pit potential

## ▪ Other 'bolt-on' neighbouring opportunities

- Commanding 25,700ha footprint in the highly-endowed Leonora-Leinster gold district
- Multiple undeveloped gold deposits within a 100km radius of the Darlot plant
- Red 5 would assess a number of additional business development opportunities



# Experienced Operators with a Strong Track Record

## **Kevin Dundo – Chairman**

Lawyer specialising in commercial and corporate areas with experience in the mining sector, the service industry and the financial services industry.

## **Mark Williams – Managing Director**

+25 years of mining experience in a diverse range of open cut, underground, quarrying and civil engineering environments across the developed markets of Australia, United Kingdom and New Zealand, as well as the emerging markets of Philippines, Vietnam, Thailand and the South Pacific. Previously General Manager of the Tampakan Copper-Gold Project in the southern Philippines.

## **Steve Tombs – Underground Mine Manager**

+11 years with AngloGold Ashanti, where he held a number of senior positions including Underground Manager for the Sunrise Dam Gold Mine in Western Australia. Extensive experience working in underground operations where efficient paste-fill management, effective mining of historical workings and detailed water management practices were key factors for success.

## **Chris Witt – Process Plant Manager**

+20 years experience in the resource industry, predominantly gold. Technical and operational roles in large-scale processing plants and heap leach operations – specialising in refractory gold processing, including Biox and high pressure oxidation plants. Extensive plant audit and commissioning experience in both Australia and overseas, including Asia, Africa and South America.

## **Byron Dumpleton – Chief Geologist**

Geologist with 30 years experience in mine geology, resource interpretation and modelling, brownfields and grass roots exploration in a variety of operational, technical and corporate roles in both underground and open pit. Extensive experience across multiple minerals and geographies, however extensively in gold and Australia.

## **Simon Leech – Open Pit Mine Manager**

+30 years professional mining experience, focused on technical, production and managerial aspects. 20 years offshore experience – Philippines, Zambia, Papua New Guinea, Peru, Indonesia and Guinea. 13 years working for Newmont in varying technical and production roles including Mine Manager at Batu Hijau.

# Funding and Pro-forma Capital Structure Overview

## Transaction Share Consideration

- 90 million shares for KOTH Transaction consideration (plus \$7m upfront and \$4.5m deferred in cash or shares after 12 months)
- 130 million shares for Darlot Transaction consideration, subject to shareholder approval at EGM (plus \$7m upfront and \$5m deferred in cash or shares after 24 months or in shares after 12 months, subject to escrow until 24 months)
- Initial share considerations escrowed for 12 months

## Rights Issue Offer Structure and Size

- Present intention to offer ~254.6 million shares to raise A\$12.5 million before costs pursuant to a 1:3 rights issue to eligible shareholders (Rights Issue)
- Underwritten by Goldfields to \$8.5M and including sub-underwriting by Saracen to \$1.5M, subject to shareholder approval to place shortfall
- Additional top up of shares to Goldfields and Saracen will be needed, subject to shareholder approval at an EGM, only if Rights Issue shortfall not sufficient to retain Goldfields at 14.54% and Saracen at 10.54% after Rights Issue close

## Pricing

- Initial transaction share consideration at deemed price of A\$0.05 per share
- Rights Issue at A\$0.05 per share
- KOTH Deferred share consideration, if so elected by Saracen after 12 months, at 30-day VWAP
- Darlot Deferred share consideration, if so elected by Darlot after 24 months, at 15% discount to the 30-day VWAP or if elected after 12 months, at 30 day VWAP and escrowed until 24 months

## Use of Funds

- Assist with funding of initial cash consideration for Darlot Transaction
- Working capital

## Post-Raising Salients

- Shares on issue of ~1.238 billion
- Debt facility to be considered between \$ 10 to \$15M

# Indicative Timetable

1	KOTH Transaction and Darlot Transaction executed	3 August 2017
2	Announcement of Transactions and Rights Issue Funding	3 August 2017
3	Rights Issue Offer to be Launched	15 August 2017
4	Extraordinary General Meeting	20 September 2017
5	Close of Rights Issue	21 September 2017
6	Allotment of Rights Issue New Shares and Shortfall	30 September 2017
7	Completion of KOTH Transaction and Darlot Transaction	30 September 2017
8	Deferred Consideration to Saracen (cash or shares) and if elected, shares to Gold Fields*	30 September 2018
9	Deferred Consideration to Gold Fields, if not issued at 12 months (cash or shares)	30 September 2019

## Important Note

The timetable above is subject to change without notice. Red 5 Limited reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The Rights Issue timetable is an intention only and not yet formally settled and approved by ASX.

\*Subject to escrow until 24 month anniversary unless otherwise determined.

# Key Risks

## INTRODUCTION

There are a number of risks, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of the Company and the value of its shares. The risks set out below are not, and should not be considered to be, an exhaustive list of all the risks relevant to an investment in the Company. The Company, however, considers that these risks represent key risks to an investment in the Company. Additional risks and uncertainties that the Company is unaware of, or that the Company considers to be immaterial, may also become key risks that can adversely affect the Company's operational and financial performance in the future. These key investment risks are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor.

Before investing, or increasing any investment, in the Company, participants should consider whether this investment is suitable for them having regard to the risk factors set out below, publicly available information, your investment objectives, and personal financial and other circumstances. You should consult your professional adviser if you have any doubts about an investment in the Company. The taxation consequences of any acquisition or disposal of shares will differ from investor to investor, and all potential investors are urged to obtain independent financial advice on their particular circumstances.

## KEY INVESTMENT RISKS

### Stock Market Fluctuations

The value of the Company's shares will be determined by the stock market and will be subject to a range of factors beyond the Company's control. These factors include, but are not limited to, the demand for, and availability of the Company's shares, movements in interest rates, exchange rates, and rates of inflation, fluctuations in the Australian and international stocks markets, changes in fiscal, monetary and regulatory policies, and general domestic and international and economic activity. Including investor sentiment, demand for and supply of capital, terrorism and other hostilities, can impact the value of quoted securities.

### Fluctuations in Gold Price

The Company's revenues are primarily dependent on the price of gold. Gold prices are subject to a variety of factors beyond the Company's control. Future price declines in the market value of gold may adversely impact on the Company's profit margins, asset values, future development of current projects and planned future production, which may in turn adversely impact the price of its shares.

### Exchange Rate Fluctuations

Exchange rate fluctuations affect the Company's profitability, particularly AUD and USD fluctuations. Foreign exchange rates are impacted by a number of factors beyond the Company's control. If the Australian dollar or any other non-US dollar currency in which expenses are incurred appreciates in value against the US dollar then the Company's financial results may be adversely affected due to potential lower US dollar receipts available to cover its costs.

### Financing Considerations

The Company may need to raise additional debt or equity funds in the future to fund its exploration, development and production activities or to fund an acquisition. There is no assurance that the Company will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to the Company and this may have a material adverse effect on the Company. The proposed Rights Issue, future financings and shares issued in consideration for planned and future asset acquisitions will dilute existing shareholdings.

### Changes to Taxation

Changes to corporate income tax, import duties, property tax, excise tax, withholding tax or any other applicable taxation legislation or policies in Australia, Philippines or other jurisdictions where the Company operates may adversely affect the Company's financial profitability, net assets and cash flow.

### Dependence on Key Personnel

Retaining and recruiting qualified personnel is critical to the Company's success. If the Company cannot retain and attract qualified personnel it could adversely affect the Company's current exploration, development and production operations and its future growth plans.

### Security of Tenure

There is a risk that tenements, PSCs, environmental consents and any other land use approvals may not be granted, obtained or renewed, may be granted, obtained or renewed on terms that are not satisfactory to the Company, or may be obtained granted or renewed but not within the timeframes anticipated by the Company. This could have a material adverse effect on the Company's operations and financial performance.

# Key Risks (cont'd)

## Native Title Risk

Access to land for exploration purposes can be adversely affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Cth) (NTA) (or similar legislation in the jurisdiction where the Company operates). The effect of the NTA is that existing and new tenements held by Red 5 may be affected by native title claims and procedures. There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by Red 5 which may affect the operation of Red 5's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, Red 5 may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The involvement in the administration and determination of native title issues may have a material adverse impact on the position of Red 5 in terms of cash flows, financial performance, business development, ability to pay dividends and the share price.

## Production Costs and Reserve and Resources Estimates

No assurance can be given that the Company will achieve its production and costs estimates. These estimates are subject to a number of factors, many of which cannot be foreseen and are beyond the Company's control. The Company's operations are subject to operating risks that could result in insufficient production and increased costs and, as a result, one or more projects becoming unprofitable or uneconomic. These risks include (among other things) inaccurate Reserves and Resources estimates, losing key personnel, unforeseen geological operating difficulties, unexpected maintenance or mechanical failures, industrial and environmental accidents or disputes, unforeseen difficulties associated with infrastructure, changes to applicable laws and regulations, or adverse weather conditions. Reserves and Resources is a subjective process and the accuracy of any Reserve or Resource estimate is a function of the interpretation and extrapolation of a limited amount of geological data pursuant to JORC and applicable regimes (foreign estimates in the case of Darlot). There can be no assurance that these estimates will be accurate. Any material reduction in estimates of Reserves or Resources, or the Company's ability to extract these Reserves and Resources, could materially and adversely affect the Company's financial and operational performance. The mines being acquired are high cost and the company believes that costs can be reduced to more competitive levels. Operating cash flow will be dependent on the level of operating costs reductions achieved. Operating risks are ever present in mining, including variation in mined grades, technical difficulties in extracting the ore, plant and equipment breakdowns, unanticipated metallurgical problems, adverse weather conditions, industrial and environmental accidents, and unexpected shortages and/or increases in costs of consumables, spare parts, plant and equipment.

## Exploration

The Company's ability to generate sufficient annual production of gold in the medium to long term will partly be dependent on the success of its exploration program. Exploration activities require sustained and substantial expenditure. Explorations activities are speculative by nature and there can be no assurance that commercial flow rates will be achieved. If the Company's exploration activities do not result in sufficient flow rates, this may have an adverse effect on its financial and operational performance.

## Environmental Impact

The Company could be subject to claims due to environmental damage arising out of current or former activities at sites that the Company owns or operates, including new projects such as Darlot and KOTH. This could subject the Company to potential liability and have an adverse effect on the Company's financial and operational performance.

## Regulations

The Company's operations are subject to government laws, regulations and policies governing (among other things) taxation, exploration, production, exports, labour standards, occupational health and safety and environmental protection. Any future changes in these laws, regulations or policies may adversely affect the Company's operations.

## Dividends

Dividends to be declared are at the discretion of the directors, and no assurance can be made in relation to any future payments of dividends or any franking credits attaching thereto.

# Philippines Gold Operations – Current Status

- Mining suspended at Siana Gold Project in April 2017 in response to regulatory delay. Processing ceased in July 2017
- New Philippines Secretary of Department of Environment and Natural Resources (DENR) appointed in June 2017, and is considering Siana's request for a new long term tailings storage facility that would allow completion of the open pit
- Suspension plan rapidly and effectively implemented to preserve the significant retained value of the large in-ground gold inventory at Siana, which includes the fully approved Siana underground mine (NPV US\$50m at 10% discount - see RED release 14 June 2016)
- Underground mine development commenced, with 445m of development completed, portals and important surface infrastructure established and costs reduced
- Strong balance sheet with cash and gold balance of ~A\$16.0m at 24 July 2017 and no debt – provides the opportunity to reposition the Company
- Red 5 management team has extensive operating experience in the gold sector – ability to transition quickly into new operating / development assets located in jurisdictions with a low sovereign risk profile



# Mt Cattlin Royalty

- Red 5 owns the right to receive a royalty of \$1.50 per tonne of ore processed from the Mt Cattlin mine in WA
- Mt Cattlin mine re-commenced processing operations in 2016
- Red 5 has recently received payment of \$1.0M, for production royalty entitlements for the June and March 2017 and December 2016 Quarters
- Galaxy Resources has announced that it will ramp-up production at Mt Cattlin to a throughput rate of 1.6Mtpa of spodumene (lithium concentrate) and tantalum
- Total reported resource of 16 million tonnes of spodumene and tantalum ore\*
- Strategic review of royalty being undertaken

\* Refer to Galaxy Resources announcement dated 2 June 2017 and General Mining Limited announcement dated 4 August 2015 for details regarding the Reserves and Resources position of Mt Cattlin

## Location



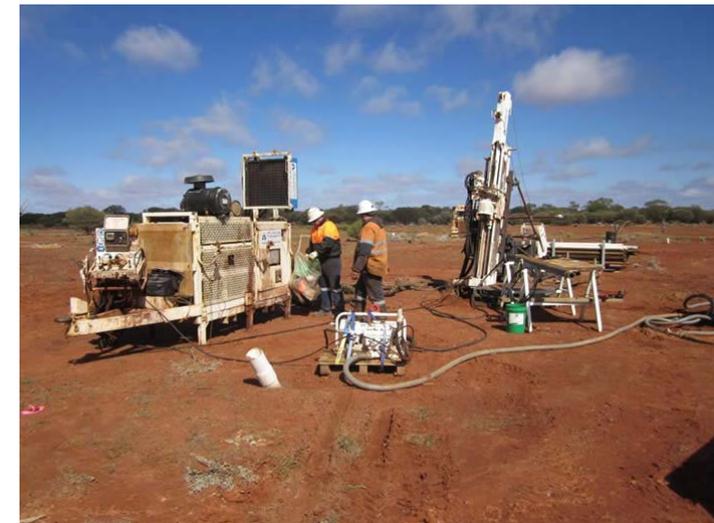
## Resource and production capacity\*

Resource category	Tonnes	Li <sub>2</sub> O %	Ta <sub>2</sub> O <sub>5</sub> ppm
Measured	2,540,000	1.20	152
Indicated	9,534,000	1.06	170
Inferred	4,343,000	1.07	132
<b>Total</b>	<b>16,416,000</b>	<b>1.08</b>	<b>157</b>
Production capacity	1.6Mtpa		

# Summary

- Outstanding opportunity for a new strategic direction focused on a portfolio of gold assets in WA's Eastern Goldfields
- The combination of Darlot and King of the Hills provides:
  - *A commanding 25,700ha footprint in the highly-endowed Leonora-Leinster gold district*
  - *Total Mineral Resource inventory totalling 626,000oz*
  - *Immediate production and cash-flow*
  - *Outstanding exploration and growth potential*
- Darlot Gold Mine provides the opportunity to establish a central processing hub to unlock neighbouring gold deposits in the region
- Bolt-on neighbouring projects opportunities likely with the potential to significantly extend milling operations
- Red 5 management team has solid operating experience in the gold sector – well placed to unlock the significant value of the assets being acquired
- Gold Fields and Saracen will join the Red 5 register as major shareholders

**Opportunity to acquire a strategic position in a world-class Australian gold belt and leverage this via a regional consolidation and processing strategy**





Investor Presentation – August 2017

Mark Williams, Managing Director

# A new consolidation and growth strategy in Western Australia's Eastern Goldfields