

28 April 2017

March 2017 Quarterly Activities Report

OVERVIEW

The Group's current cash balance (27 April 2017 – A\$21.4 Million) is such that the Group has sufficient funds to maintain its mining assets in good standing and, if necessary, to continue the suspension of operations at the Siana Gold Project (announced on 18 April 2017) for at least two years.

The Siana Gold Project has significant inherent value with a large in situ gold inventory, high quality infrastructure and highly prospective adjacent tenement holdings. The Group is seeking a strategic alliance to develop the underground operations to enable milling operations to recommence as the Group remains committed to the Siana Gold Project and developing its Philippine-based assets as well as actively seeking new corporate opportunities.

Operations – Siana Gold Project, Philippines

- As announced on 19 January 2017, a revised operational strategy was implemented in response to the continued delay in obtaining regulatory approval for construction of the long-term Tailings Storage Facility (TSF).
- A total of 2,570 ounces of gold were recovered from the open pit operation for the month of January 2017, with processing operations suspended in late January 2017. Gold sales for the quarter totalled 7,559 ounces.
- A total of 470,576 bank cubic metres (BCM) of waste was moved ex-pit during the Quarter.
- Ore stockpiles at Quarter-end totalled 290,030 tonnes at 1.1 g/t Au.

Siana Underground Development

- Low-cost underground development continued during the Quarter using hand-held air-legs.
- By Quarter-end, two steel-set reinforced portals were completed and one was near-complete, with a total of 335 metres of declines and drives completed, together with power, compressed air and ventilation infrastructure.

Exploration

- Ongoing mapping over high-priority targets in the Block 2 region at the Mapawa MPSA has demonstrated the presence of significant quantities of free gold from soil panning. From the reconnaissance mapping of the Mapawa MPSA, 3 additional prospects within Block 2 have been identified.

Events Subsequent to Quarter-End

- On 18 April 2017, Red 5's Philippine-affiliated company, Greenstone Resources Corporation, advised the Philippines Mines and Geosciences Bureau (MGB) that mining operations at the Siana Gold Project would be suspended with immediate effect.
- Galaxy Resources Limited has restarted the processing of ore (including producing lithium concentrate) from the Mt Cattlin mine and as a result Red 5 expects the A\$1.50 per tonne royalty payment to resume in the June 2017 quarter (See further details below at page 7).

Finance and Corporate

- A\$23.9M cash balance including gold doré held in the metal account as at 31 March 2017 (31 December 2016: A\$29.8M).

Red 5 Limited

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OPERATIONS

Mining Activities

Mining activities during the March 2017 Quarter were focused on waste stripping from Stage 6 of the Siana open pit.

In early February 2017 a movement of significant material occurred from the northern wall of the Siana open pit. There were no injuries to personnel or any equipment damage and there was no immediate impact on work on the Stage 6 Eastern wall cut back.

A total of 470,576 bank cubic metres (BCM) of waste was moved ex-pit during the Quarter. Ore stockpiles, including low-grade material, at Quarter-end were 290,030 tonnes at 1.1 g/t Au.

Processing

The Siana processing plant was placed on standby in late January 2017 due to the delay in obtaining the required approvals for the construction of a new TSF. A total of 40,926 tonnes of ore was processed for the Quarter (December 2016 Quarter: 207,695 tonnes). The average head grade and recovery was 2.3 g/t Au and 85% respectively (December 2016 Quarter: 3.32 g/t Au and 82%).

A total of 2,570 oz of gold was recovered for the Quarter. The average unit ore processing cost for the Quarter was A\$31.33 per tonne, compared with A\$29.25 per tonne for the December 2016 Quarter.

Quarterly Gold Production – Key Statistics

Key Indicators	Unit	Jun. 16 Quarter	Sep. 16 Quarter	Dec. 16 Quarter	Mar. 17 Quarter
Mine Production					
Waste Mined (ex-pit)	BCM' 000s	835	313	563	471
Ore Mined	T	222,321	423,529	196,478	
Mining Cost per tonne (ore and waste)	\$/t	3.3	4.5	4.09	3.81
Mill Production					
Ore Processed	T	188,453	232,154	207,695	40,926
Head Grade – Gold	g/t	3.4	2.8	3.3	2.3
Head Grade – Silver	g/t	8.6	7.3	7.9	6.5
Processing Cost per Tonne	\$/t	27	24	29	31
Recovery – Gold	%	87	83	83	85
Recovery – Silver	%	43	31	28	26
Gold Recovered	oz	18,047	17,062	18,195	2,570
Silver Recovered	oz	24,086	16,787	14,733	2,242
Gold Sold	oz	19,942	15,148	18,589	7,559
Silver Sold	oz	19,822	19,655	18,925	7,377
Average Gold Price Received	US\$/oz	1,252	1,339	1,194	1,266
	A\$/oz	1,724	1,778	1,597	1,683
Cash Operating Costs (i)	A\$/oz	663	650	876	1,172
Total Operating Costs (ii)	A\$/oz	1,019	1,014	1,299	1,493
All In Sustaining Costs (iii)	A\$/oz	1,168	1,035	1,076	1,293

- (i) Includes all site expenditure, royalties, doré shipping and refining costs, silver credits and inventory movement adjustments. Does not include actual waste stripping costs which are deferred and amortised over the life of the open pit.
- (ii) Includes Cash Operating Costs (i) plus plant and equipment depreciation and amortisation of capitalised waste stripping, pre-production mining and exploration costs.
- (iii) Includes Cash Operating Costs (i) plus actual waste mining, sustaining capital and corporate costs.

SIANA UNDERGROUND MINE DEVELOPMENT

Low-cost development works for the underground operation continued throughout the Quarter. By Quarter-end, development completed utilising low-cost hand-held air-leg drills comprised:

- Two completed and one near-complete, steel-set reinforced portals;
- Declines and drives totalling over 335 metres; and
- Associated power, compressed air and ventilation infrastructure.



Figures 1 and 2: Portal construction at the Siana Underground Mine

The status of the following construction projects as at the end of the Quarter was as follows:

- Bulk Emulsion Depot was completed in December 2016;
- Concrete Batch Plant was completed in December 2016;
- Underground Heavy Vehicle Workshop was completed during the Quarter.

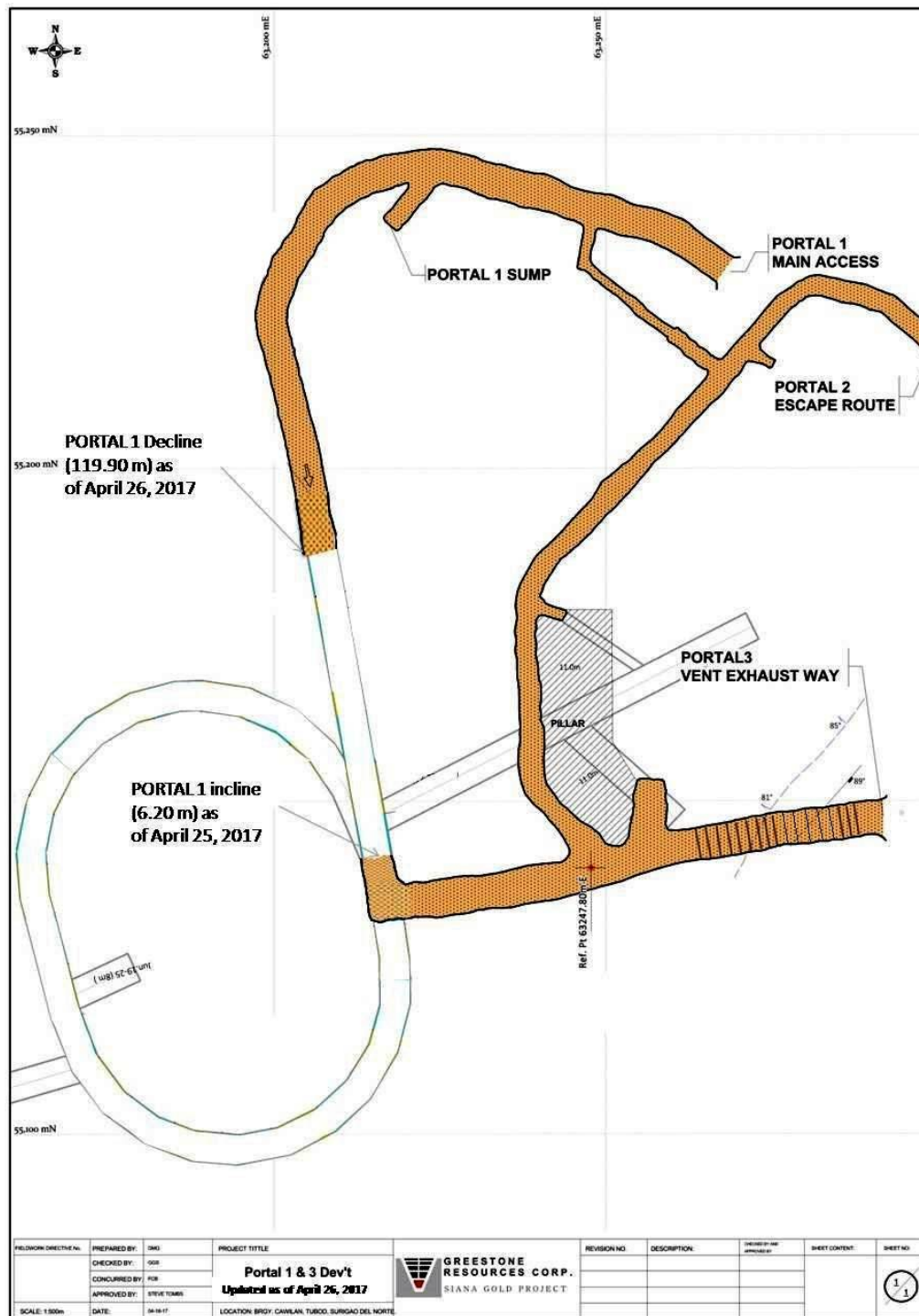


Figure 3: Siana underground mine development plan as at 26 April 2017

DEVELOPMENTS SUBSEQUENT TO QUARTER-END

On 18 April 2017, Red 5's Philippine-affiliated company, Greenstone Resources Corporation (Greenstone Resources), gave notification to the Philippines Mines and Geosciences Bureau (MGB) that mining operations at the Siana Gold Project would be suspended with immediate effect. The decision to suspend mining operations was made as a result of:

- the operational impact which the uncertainty regarding regulatory and government mining policy in the Philippines had on the Group's operations; and

- the Group's assessment of the likely resulting changes to open pit operations after taking into account the delay in the approval of the Environmental Compliance Certificate amendment for the long-term Tailings Storage Facility (TSF) and other mining challenges referred to in previous announcements.

Based on the Group's current working capital position, the Group has sufficient funds to maintain the Group's mining assets in good standing and, if necessary, to continue the suspension of operations for at least 2 years.

While the decision to suspend mining operations was not taken lightly, the Group decided that this was the best way to preserve the significant inherent value of the large in-situ gold inventory and high-quality infrastructure at Siana, and to protect the Group's balance sheet and shareholders' interests.

Open Pit Operations

Notice was given to the mining contractor to cease operations and demobilise equipment. During the suspension, the Group will continue to perform core activities including community relations activities, environmental and regulatory compliance and de-watering of the open pit.

Processing

Operations at the Siana processing plant were suspended in late January 2017; however, the Group proposes to re-commence ore processing from existing medium to low grade ore stockpiles for approximately one month in order to maximise the use of the existing tailing storage facilities and the stock of reagents.

Underground Development

Given the uncertainty surrounding the resumption of open pit mining and cash flow, the decision was made to suspend underground mine development at Siana. Accordingly, notice was given to the underground mining contractor to cease activities and demobilise equipment.

Workforce and Stakeholders

Reductions in overhead and operating costs are currently being implemented.

Greenstone Resources' management will continue to work closely with local communities and government officials in Surigao del Norte Province to minimise the impact from the decision to suspend operations and to provide support and assistance wherever possible.

The Group will maintain personnel to ensure continued environmental compliance and to facilitate ongoing strong community relations.

The Group regrets the impact which the decision to suspend operations will have on employees, contractors, their families and the host communities. The Group recognises the excellent performance and support provided by the employees and contractors to the Siana Gold Project.

EXPLORATION PROJECTS

Exploration drilling activities have been curtailed and drill rigs have been demobilised. Ongoing mapping over high-priority targets in the Block 2 region at the Mapawa MPSA has demonstrated the presence of significant quantities of free gold from soil panning. From the reconnaissance mapping of the Mapwa MPSA, 3 additional prospects within Block 2 have been identified.

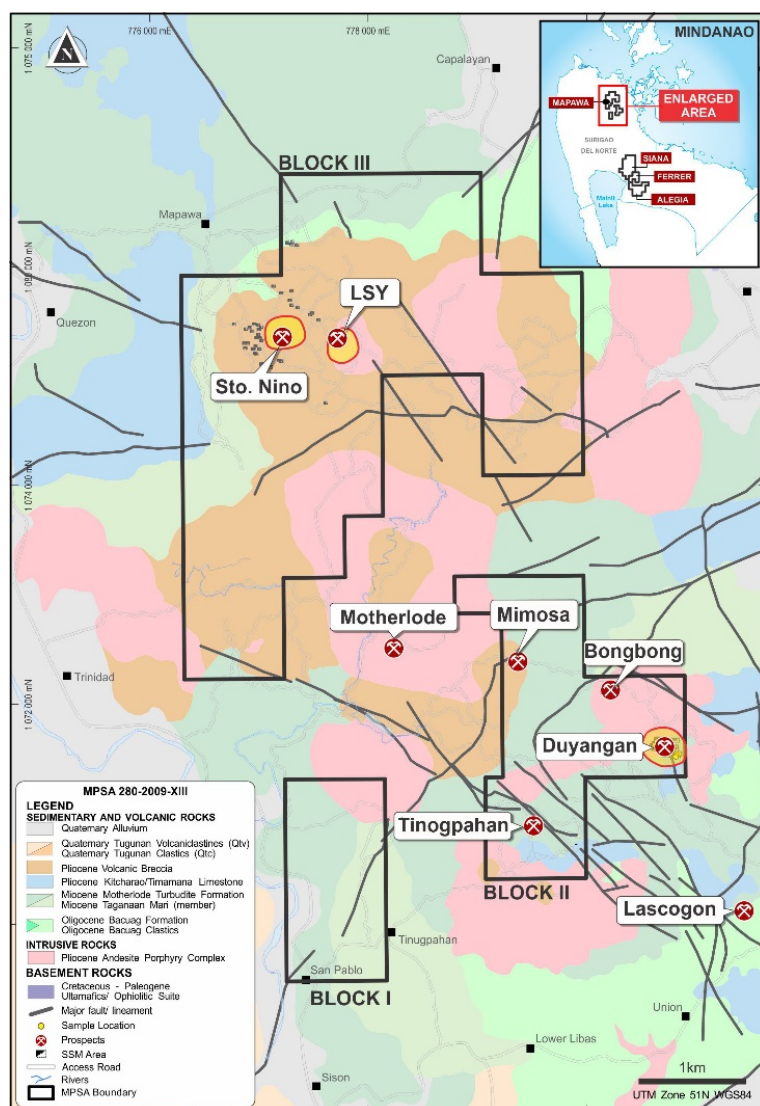


Figure 4: Mapawa MPSA tenements showing the new prospects located in Block 2.

ENVIRONMENTAL

At a press conference held in Manila on 2 February 2017, the Secretary of the Philippines Department of Environment and Natural Resources (DENR) announced the outcome of the audit conducted by the DENR on mining operations in the Philippines to determine compliance with Philippine regulatory requirements.

At the press conference, the DENR Secretary stated that the operator of the Siana Gold Project, Greenstone Resources Corporation (Red 5's Philippine affiliated company), had passed the DENR audit.

FINANCIAL

Gold sales for the Quarter totalled A\$12.7million (December 2016 Quarter: A\$29.7 million) from the sale of 7,559 ounces (September 2016 Quarter: 18,589 ounces) at an average price of A\$1,683 per ounce (December 2016 Quarter: A\$1,597 per ounce).

The Group's cash balance at the end of the March 2017 Quarter was approximately A\$23.9 million (including gold doré in the metal account) and no drawn debt facility.

	Jun 2016	Sep 2016	Dec 2016	Mar 2017
Financial Summary	A\$M	A\$M	A\$M	A\$M
Sale proceeds	34.4	26.9	29.7	12.7
Operating costs	(13.1)	(9.9)	(17.6)	(10.9)
Philippine and Australian corporate costs	(1.3)	(1.0)	(1.4)	(0.9)
EBITDA	20	16	10.7	0.9
Depreciation and amortisation	(7.1)	(5.5)	(7.9)	(2.4)
Net earnings/(loss) from operations	12.9	10.5	2.8	(1.5)
Capital expenditure				
Plant/equipment/development	10.4	8.5	10.7	9.8

Mount Cattlin Project Royalty

Red 5 previously received the amount of A\$1.7 million from Galaxy Resources Limited (**Galaxy**) as a royalty payment for the period of May 2011 to January 2013. During this time, Galaxy processed just over 1.1 million tonnes of ore. Red 5 owns the right to receive a royalty of A\$1.50 per ton of ore processed from the Mount Cattlin mine.

In 2016, Galaxy restarted mining and processing operations at Mount Cattlin, which is located two kilometres north of the town of Ravensthorpe in Western Australia and in January 2017, Galaxy made the first shipment of lithium concentrate from the Esperance Port.

Based on Galaxy's quarterly report to 31 March 2017, Galaxy has processed 248,488 tonnes. The latest investor presentation released by Galaxy announced that the Mount Cattlin processing capacity will ramp up to 1.6 million tonnes per annum and quoted a total resource of 16 million tonnes.

ENDS

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Tenement Schedule

Project	Tenement number	Registered holder	Equity interest	
			Red 5 group	Other
Philippines Siana gold project	MPSA 184-2002-XIII APSA 46-XIII	Greenstone Greenstone	40% 40%	SHIC 60% SHIC 60%
Mapawa gold project	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%
Western Australia Montague	ML57/429, ML57/485, EL57/793		25% free carried	

No interests in mining tenements or farm-in or farm-out agreements were acquired or disposed of during the quarter.

Abbreviations

Greenstone: Greenstone Resources Corporation

SHIC: Surigao Holdings and Investments Corporation

MPSA: Mineral Production Sharing Agreement

APSA: Application for MPSA

ML: Mining Lease

EL: Exploration Licence

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.