

2 October 2017

RED 5 SET TO JOIN RANKS OF AUSTRALIAN GOLD PRODUCERS AFTER COMPLETING LANDMARK ACQUISITIONS IN WA

ACQUISITION OF DARLOT GOLD MINE AND KING OF THE HILLS GOLD PROJECT GIVES RED 5 IMMEDIATE PRODUCTION AND CASH-FLOW AND A GROWTH PIPELINE IN WA'S EASTERN GOLDFIELDS

Key Points

- Red 5 completes the acquisition of a 100% interest in the operating Darlot Gold Mine (acquired from Gold Fields Limited) and the King of the Hills ("KOTH") Gold Project (acquired from Saracen Mineral Holdings) in the Eastern Goldfields region of WA.
- Acquisitions follow the receipt of Red 5 shareholder approval for the issue of the initial consideration shares at a General Meeting held on 20 September 2017, as well as the completion of a \$12.7M rights issue.
- Payment of the balance of the cash component of \$6.5M and 130M Red 5 shares to Gold Fields (via its subsidiary) and \$6.5M cash and 90M Red 5 shares to Saracen as initial consideration for the project acquisitions now completed.
- Following the issue of the shares (including in connection with the underwriting of the rights issue), Gold Fields and Saracen have become cornerstone shareholders in Red 5, with relevant interests of 19.92% and 10.54% respectively.
- Darlot Gold Mine being acquired by Red 5 as a going concern, with mining operations to transition under Red 5's ownership and all existing staff and contractors to be retained.
- SRK Consulting appointed to undertake a review of potential shallow oxide targets which have been identified from the historical pre JORC 2012 resource models acquired as part of the Darlot acquisition.
- Red 5 aiming to appoint an underground mining contractor for KOTH, with the aim of commencing first production in November 2017. Ore from KOTH will be processed at the Darlot processing facility.
- Comprehensive exploration review for both Darlot and KOTH to commence, including interpretation of the high-resolution 3D seismic survey carried out over the Darlot mining facilities in November 2016 to define key drilling targets.

Red 5 Limited (ASX: RED – "**Red 5**" or "**the Company**") is pleased to advise that it has today completed the acquisitions of the operating Darlot Gold Mine ("**Darlot**") from a wholly-owned subsidiary of South African-based gold producer Gold Fields Limited (JSE, NYSE: GFI – "**Gold Fields**") and the advanced King of the Hills Gold Project ("**KOTH**") from West Australian gold producer Saracen Mineral Holdings Limited (ASX: SAR – "**Saracen**").

The completion of these transactions – which follows the receipt of relevant shareholder approvals and the completion of the rights issue which raised a total of approximately \$12.7 million – marks the beginning of a significant new growth chapter for Red 5 as an Australian gold producer listed on ASX.

As a result of the acquisitions, Red 5 has a production and cash-flow base at Darlot, which forms the cornerstone of its Eastern Goldfields consolidation strategy, and a significant growth pipeline in the region commencing with KOTH, where underground mining is targeted to commence next month.

Red 5 Limited

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ASX: RED

Shares on issue: **1,239M**

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Completion of Acquisitions

Transfer of 100% ownership of both the Darlot and KOTH assets to Red 5 has now been completed. A cash payment of \$6.5 million (net of previous deposit of \$0.5 million) and the issue of 130 million Red 5 shares has been completed to Gold Fields (via its wholly-owned subsidiary) and a cash payment of \$6.5 million (net of previous deposit of \$0.5 million) and the issue of 90 million Red 5 shares has been completed to Saracen under the acquisition agreements announced to the ASX on 3 August 2017.

A further Deferred Consideration of \$5 million (in cash or shares) is payable to Gold Fields 24 months after completion (with Gold Fields able to elect to receive shares 12 months after completion), and \$4.5 million (in cash or shares) is payable to Saracen 12 months after completion.

Following the issue of the consideration shares and in connection with the underwriting of the rights issue, Gold Fields and Saracen become substantial shareholders in Red 5, with Gold Fields holding a relevant interest of 19.92% and Saracen holding a relevant interest of 10.54%. The shares issued to Gold Fields and Saracen in consideration for the acquisitions (a total of 220,000,000 shares) will be escrowed for a period of 12 months from the date of issue.

Following completion of the acquisitions, Red 5 now controls a strategic footprint in the world-class Leonora-Leinster mineral district of WA, with the ability to leverage this position by pursuing a regional consolidation strategy aimed at establishing the Darlot mill as a central processing hub ("Eastern Goldfields Consolidation Strategy") (see Figure 1). The Eastern Goldfields Consolidation Strategy is fully detailed in the Company's ASX Announcement dated 3 August 2017.

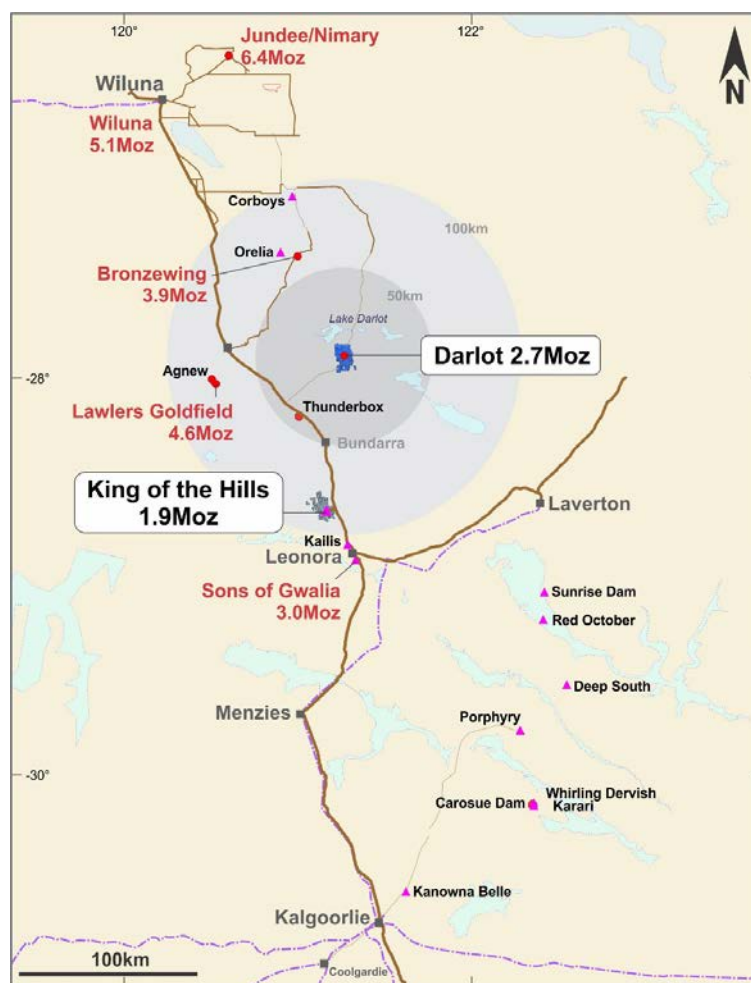


Figure 1: Darlot and King of the Hills project locations, showing historical production from key gold deposits in the region

Immediate Operational Strategy

The Darlot Gold Mine has been acquired by Red 5 as a going concern and mining and processing operations will continue through the ownership transition, with all existing staff and contractors to be retained.

Red 5's immediate operating strategies for the current Darlot mining operation include:

- Targeting opportunities to increase the recovery of existing resources to extend the mine life;
- To combine an extended Darlot operation with ore from KOTH to return the processing plant to full capacity (currently 0.83Mtpa) and spread fixed overhead costs over an increased production profile; and
- To target other growth and consolidation opportunities in the region for existing undeveloped resources within economic trucking distance of Darlot.

The Company expects to appoint an underground mining contractor for KOTH in October 2017, targeting the delivery of first KOTH ore to the Darlot mill in November 2017.

Near-term Growth Opportunities – Darlot

Red 5 has engaged mining consultants, SRK Consulting, to conduct a series of high level pit optimisations on a series of small historic pre JORC 2012 resources near Darlot and identify and rank targets for drilling and to potentially expand the open pit resource base.

As outlined in the Red 5 ASX announcement dated 3 August 2017, previous exploration work had identified numerous small open pit targets, which indicate upside resource and reserve potential (see Figure 2).



Figure 2: Potential open pit targets (red dots) in the Darlot near-mine environment.

In addition, Gold Fields commissioned a high-resolution 3D seismic survey over the Darlot mining facilities in November 2016, with approximately 75 cubic kilometres of 3D seismic data (~25km² surface area x ~3km depth) collected. This high-quality data provides an opportunity for Red 5 to verify the structural model and map key lithologies, to assist in targeting potential new mineralised systems in the vicinity of the existing mine infrastructure (see Figure 3).

Red 5 intends to commence the initial interpretation and re-processing of the seismic survey results and to develop and identify key structural targets with additional geology inputs with the aim of commencing drilling identified targets in the first half of the 2018 calendar year.

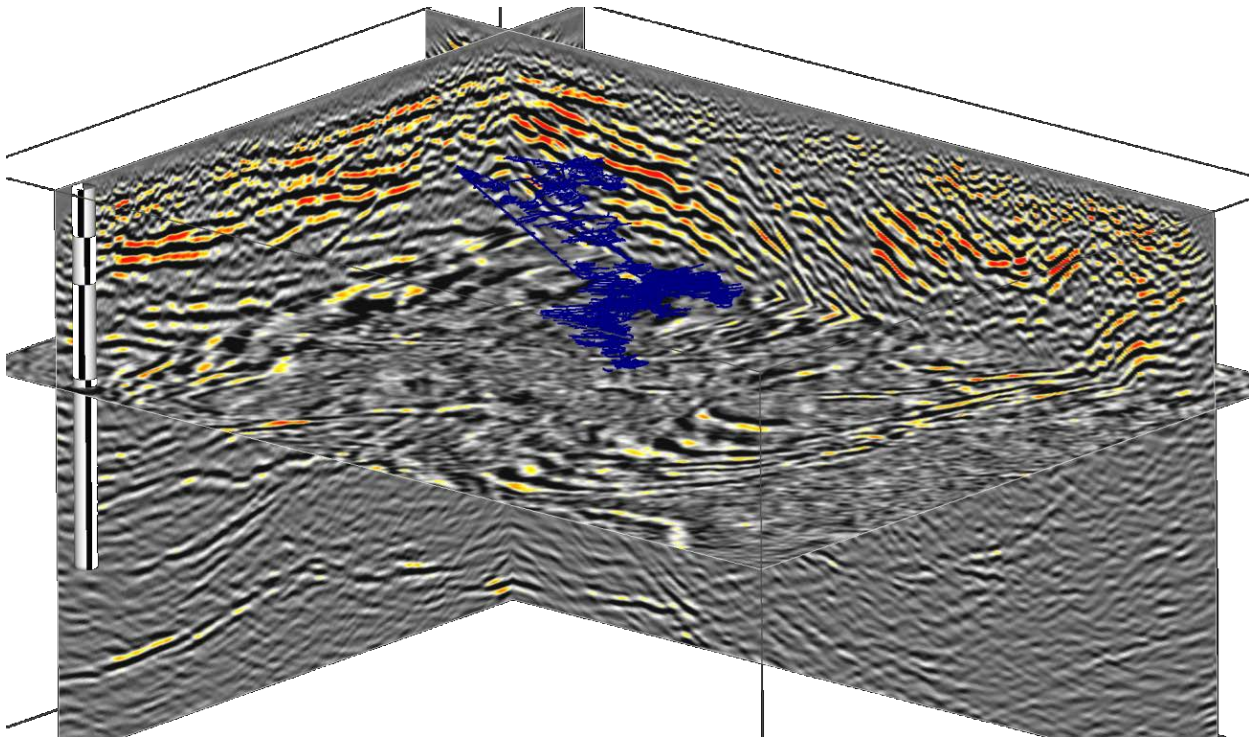


Figure 3: 3D seismic cube showing Darlot mine workings in blue. The brightly coloured areas show strongest reflective zones. Source: DET CRC Annual Conference: Uncovering the Future VII, 12 to 15 September 2017, Hahndorf, South Australia

Near-Term Growth Opportunities – KOTH

Red 5 has engaged underground mining contractor Pit n Portal Group Pty Ltd to review the underground mine plan for KOTH and continue with underground mine dewatering. Pit n Portal was the underground mining contractor for Saracen at KOTH for 2016/17. Red 5 plans to commence underground operations as soon as permitting has been obtained and a contract with an underground mining contractor completed.

Red 5 will screen about 5,500 tonnes of underground low grade development ore (grading between 1g/t and 1.5 g/t) for possible beneficiation of the ore. This will be done to confirm previous studies on ore beneficiation at KOTH and if successful will enhance the economics of the underground mine.

As previously foreshadowed by Red 5, a scoping study laboratory test work program has also been developed to assess the heap leach amenability of both existing low grade stockpiles and potential open pit ore

Initial ore samples for leach testing has started, with results from this testwork program expected to be available during in the December 2017 Quarter.

Red 5 will also commence an immediate review of historical exploration data for KOTH, which has multiple lodes extending over 1.95km and open at depth, providing numerous exploration drilling targets.

Management Comment

Commenting on the completion of the transactions, Red 5 Managing Director Mark Williams said:

“The completion of these transactions marks a significant milestone for Red 5, providing the Company with immediate gold production and cash-flow in one of Australia’s most exciting gold provinces, plus an outstanding growth pipeline which starts with an immediate satellite mining opportunity at King of the Hills but also includes numerous near-mine and regional resource development and exploration opportunities.

"I would like to welcome all the members of the Darlot operating team to the Red 5 group. We're very much looking forward to working with the excellent group of staff and contractors at Darlot to take the operation into its next era of growth and development."

"With the transfer of ownership of both of these assets complete, we intend to hit the ground running, with a very active schedule over the remainder of 2017 and into 2018."

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