

25 February 2022

Half-Year Financial Results for 6 Months to 31 December 2021

Summary

- Sales revenue from Darlot of \$80.07 million for the six months to 31 December 2021.
- Gold production from Darlot of 32,898 ounces and gold sales of 31,761 ounces.
- Several initiatives have been undertaken at Darlot in H1, including the investment in underground mine development being undertaken by a new mining contractor.
- Underlying negative EBITDA^(*) of \$4.96 million.
- US\$19 million was received for the sale of the Siana Gold Project in the Philippines.
- Net cash outflow from operating activities of \$3.87 million.
- \$49.27 million in cash and metal accounts at period end.
- King of the Hills Project 83% complete at 31 December 2021.

(*) Underlying EBITDA is an unaudited non-IFRS measure.

Red 5 Limited (ASX: RED) ("**Red 5**" or "**the Company**") today announces its financial results for the half-year ended 31 December 2021.

The reporting period saw the Company maintain steady-state gold production from its Darlot Gold Mine, located in the Eastern Goldfields of Western Australia, while making substantial progress toward the construction and completion of a major new, stand-alone bulk mining and processing operation at the King of the Hills (KOTH) gold mine.



Figure 1: The KOTH mill as at 22 February 2022. First gold is scheduled to be in the June Quarter 2022.

Red 5 Limited

ABN 73 068 647 610

ASX: **RED**Shares on issue: **2,356M**

Level 2, 35 Ventnor Avenue West Perth 6005 Western Australia Tel: (+61) 8 9322 4455 Fax: (+61) 8 9481 5950

Web: www.red5limited.comInvestor enquiries: info@red5limited.com

Development of the KOTH project is progressing within budget and on schedule to deliver first gold production in the June Quarter 2022. All critical equipment for the SAG mill, gyratory crusher, conveyors and power station were in place and the project was over 83% complete at the end of December 2021. In addition, 60,000 metres of underground and open pit grade control drilling has been completed during the half-year.

Investments in sustaining and growth initiatives for the period totalled \$91.41 million. This is primarily attributable to the KOTH Project and includes construction and operational readiness activities.



Figure 2: Open pit mining at KOTH.

The Company delivered total gold production from Darlot of 32,898 ounces for the six months ending 31 December 2021, recovered from 530,274 tonnes of ore processed at an average head grade of 2.09g/t Au.

Gold sales of 31,761 ounces for the half-year underpinned revenue of \$80.07 million. The Company posted a net loss after income tax of \$5.84 million. This reflects the impact of ounces produced and sold as a consequence of a lower average head grade associated with mining in remnant areas at the Darlot Gold Mine together with the implementation of a series of improvement projects at Darlot. These initiatives include the successful integration of underground mining contractor, Redpath, into the business (as highlighted in the ASX announcement on 4 October 2021) to invest in opening up additional mining areas at Darlot.

The Company's cash and bullion balance at the end of the reporting period was \$49.27 million.

At 31 December 2021, \$77.07 million had been drawn from the \$175 million debt funding package supporting the construction and development of the KOTH Project.

Outside of its asset base in the Eastern Goldfields of Western Australia, the Red 5 Group completed the divestment of its interest in the Philippine company Greenstone Resources Corporation, which holds the Siana Gold Project during the reporting period, with the US\$19 million cash consideration received during the September Quarter 2021. This has resulted in a gain on disposal of \$21.22 million largely attributed to the recognition of a \$25.70 million foreign currency translation reserve recognised as profit at financial

close of the transaction. The sale consideration also includes an entitlement to a Net Smelter Return 3.25% gold royalty from Siana with an estimated future face value of US\$36 million (based on a US\$1,800 per ounce gold price).

Commenting on the December 2021 half-year results, Red 5's Managing Director, Mark Williams, said:

"The key focus during the half year was construction and development at King of the Hills, which progressed at full pace throughout the reporting period. I'm pleased to say that we finished 2021 strongly, with all key workstreams progressing on schedule and within budget to deliver first production by the June Quarter 2022. We now have all elements of the SAG mill largely in place, the stacker conveyer erected and the assembly of the gyratory crusher nearing completion.

"Red 5's decision to fast track development of the KOTH Project back in 2020 is paying off, with the Company in the unique position of being well ahead of the curve in terms of the cost inflation currently being experienced across the resources sector.

"We are looking forward to Darlot transitioning to being a satellite mine in the June Quarter, which will enable Red 5 to realise the material cost benefits of processing Darlot ore at the low-cost KOTH mill as part of our KOTH Hub Strategy."

ENDS

Authorised for release by the Board.

For more information:

Investors/Shareholders:

Patrick Duffy, Chief Corporate Development Officer
Mark Williams, Managing Director
Red 5 Limited
Telephone: +61 8 9322 4455

Media:

Nicholas Read
Read Corporate
Tel: +61-8 9388 1474

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.

Red 5 confirms that all the material assumptions underpinning the Final Feasibility Study production targets on the King of the Hills project (see ASX release dated 15 September 2020), or the forecast financial information derived from a production target, in the initial public reports continue to apply and have not materially changed.