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Launch of A\$80 million Placement to support steady-state operations at King of the Hills and provide robust platform for growth

- Red 5 launches bookbuild for a two-tranche Share Placement to raise A\$80m and announces a Share Purchase Plan to raise a further A\$8m¹, with the ability to accept oversubscriptions of up to A\$2m.
- Proceeds will ensure Red 5 is well funded, with sufficient working capital to support steady-state operations at the newly commissioned King of the Hills mine and the balance sheet flexibility to accelerate future investment in production and mine life growth.
- 2H FY2023 production guidance re-confirmed at 90k – 105koz at an AISC of A\$1,750 – A\$1,950/oz.
- Placement and SPP offer price of A\$0.135 per share represents a 22.9% discount to the last closing price of A\$0.175 on Monday, 20 February 2023 and a 24.5% discount to the 5-day volume weighted average price (VWAP) of A\$0.179.

Red 5 Limited (ASX: RED) (**Red 5 or the Company**) announces the launch of a bookbuild for two-tranche placement of new fully-paid ordinary shares (**New Shares**) to raise approximately A\$80m (before costs) (**Placement**) and a Share Purchase Plan (SPP) to raise a further A\$8m¹ (before costs), with the ability to accept oversubscriptions of up to A\$2m (**SPP**) (together the Placement and SPP are “**the Offer**”). The results of the Placement bookbuild are expected to be announced on Thursday, 23 February 2023.

Proceeds from the Offer will be used to strengthen the Company’s balance sheet, ensuring a strong working capital position to support steady-state operations at the Company’s flagship King of the Hills (**KOTH**) Gold Project in WA, and provide a robust platform from which Red 5 can assess and accelerate future investment in production and mine life growth.

Specifically, proceeds from the Offer will be applied to:

- Strengthening the balance sheet and providing additional working capital;
- Creditor repayments to normalised levels;
- Repayment of Loan Working Capital Facility; and
- Growth initiatives, including exploration and Resource conversion drilling and the ongoing KOTH process plant and open pit mine expansion study.

Red 5 Managing Director, Mark Williams, said:

1) The Company intends to apply for an ASX waiver to allow the Company to offer a second SPP in a 12-month period. In the event the ASX waiver is not granted, the Company intends to seek shareholder approval in relation to the issue of SPP shares. Eligible shareholders can apply for up to A\$30,000 less any prior participation under the SPP undertaken in October 2022.

“Alongside the Placement we are pleased to offer the opportunity for existing eligible shareholders to participate in the SPP at the same price as the Placement.

“We are now firmly on track at KOTH – with our open pit catch-up plan completed in early February 2023 and mining now underway within the primary, higher-grade ore body delivering increasing ounces.

“Following the Placement, Red 5 will have a strong balance sheet with financial flexibility and a robust platform for growth. Studies are underway to evaluate an expansion of the KOTH process plant and open pit mine for future growth, with a tangible opportunity to accelerate mining to support larger mill throughput of 6 – 8Mtpa.

“KOTH is positioned to be the lowest cost processing plant in the Leonora district and is a logical long-term processing hub for mines in the surrounding area. We look forward to continuing to progress and unlock the exciting opportunities that KOTH presents.”

KOTH Operations

Commercial production at KOTH was declared on 16 December 2022. The Company has since announced record production of 13,534oz in the month of January 2023, with 2H FY2023 production guidance of 90k – 105koz at an AISC of A\$1,750 – A\$1,950/oz.

Key operational drivers to achieve this guidance include:

- The KOTH Open Pit “Catch Up” Plan – which was implemented to make up the significant volumes lost due to COVID during ramp-up in 2022 – was completed in early February 2023;
- 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;
- Feed grade is expected to increase with open pit mining volumes expected to stabilise at ~1.0-1.1M bank cubic metres (BCM) per month;
- Mine development at Darlot was completed in January 2023, with the contractor now demobilised; and
- Bulk earthworks at Tailings Storage Facility 5 have been completed, with commissioning scheduled for early April 2023.

Pro Forma Balance Sheet

Upon completion of the Placement, the Company’s balance sheet will be significantly de-leveraged, with a pro-forma net debt position of ~A\$88 million, which equates to pro-forma gearing of ~13%.

The Company expects to progressively de-leverage its balance sheet using future free cash-flow generated from steady-state operations at KOTH. Red 5 currently anticipates completing A\$51 million in principal repayments during calendar year 2023 and expects to have A\$114 million remaining on the Senior Construction Facility (SCF) by 31 December 2023.

Adding Additional Mining Experience to the Board of Directors

In the December Quarter 2022, Red 5 commenced a formal Board Succession process to renew the composition of the Red 5 Board, with changes to include:

- Temporarily increasing the number of board members to eight;
- The proposed appointment of a new Chair following completion of the Offer;
- Current Chair, Mr. Kevin Dundo, to remain as a Non-Executive Director to facilitate a smooth transition for the incoming Chairperson; and
- Intention to add an additional sector-experienced Non-Executive Director.

Placement Details

The Placement will comprise the issue of approximately 593 million New Shares at a fixed offer price of A\$0.135 (**Offer Price**) to raise total proceeds of A\$80 million (before costs). The Placement will take place in two tranches:

- Tranche 1 to raise approximately A\$56.5m via the issue of approximately 419 million New Shares utilising the Company's existing placement capacity under ASX Listing Rule 7.1 (**Tranche 1**); and
- Tranche 2 to raise approximately A\$23.5m via the issue of approximately 174 million New Shares subject to shareholder approval to be sought at a General Meeting of the Company expected to be held in mid-April 2023 (**Tranche 2**).

The Offer Price of A\$0.135 per New Share represents a:

- 22.9% discount to the last traded price on 20 February 2023 of A\$0.175;
- 24.5% discount to the 5-day volume weighted average price of A\$0.179; and
- 26.7% discount to the 10-day volume weighted average price of A\$0.184.

Further details of the Placement can be found in the Investor Presentation lodged with the ASX on 21 February 2023.

Details of the time and venue for the General Meeting will be provided in a notice of meeting, expected to be despatched to shareholders on 2 March 2023.

Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd, are acting as Joint Lead Managers and Joint Bookrunners. Ord Minnett Limited acted as Co-Manager to the Placement.

Share Purchase Plan

In addition to the Placement, Red 5 is pleased to offer a Share Purchase Plan to raise a further A\$8m, with the ability to accept oversubscriptions of up to A\$2m.

The SPP will enable eligible Red 5 shareholders as at the record date of 7:00pm (AEDT) on Monday, 20 February 2023 with a registered address in Australia or New Zealand (Eligible Shareholders) to have the opportunity to apply for up to A\$30,000 worth of New Shares at the same price as the Placement, being the Offer Price of A\$0.135 per New Share.

Red 5 intends to apply to ASX for a waiver of ASX Listing Rules 7.1 and 10.11, to permit the offering of shares under the SPP at an issue price of \$0.135 per share (**ASX Waiver**) and within 12 months of the company's previous share purchase plan. Eligible shareholders can apply for up to \$30,000, less any participation under the share purchase plan announced in October 2022. In the event that the ASX Waiver is not granted, the Company intends to seek shareholder approval to issue the SPP shares, and the issue of shares under the SPP would be conditional on receipt of such shareholder approval.

New Shares issued under the Placement and SPP will rank equally with existing Shares currently on issue.

The terms and conditions of the SPP will be detailed in an SPP Offer Booklet to be dispatched to Eligible Shareholders and released to the ASX, presently scheduled for 2 March 2023.

Key dates

Event	Date ¹
Placement	
Trading halt and launch of Placement	Tuesday, 21 February 2023
Placement bookbuild	Tuesday, 21 February 2023 and Wednesday, 22 February 2023
Trading halt lifted, results of Placement bookbuild announced and recommencement of trading Lodgement of Appendix 3B	Thursday, 23 February 2023
Settlement of Tranche 1	Wednesday, 1 March 2023
Allotment of New Shares issued under Tranche 1 Lodgement of Appendix 2A and cleansing notice with ASX	Thursday, 2 March 2023
EGM to approve Tranche 2	Expected to be held in mid- April 2023
Settlement of Tranche 2	Expected to be in mid-April 2023
Allotment of New Shares issued under Tranche 2 Lodgement of Appendix 2A and cleansing notice with ASX	Expected to be in mid- April 2023

Event	Date ¹
SPP²	
Record date to be eligible to participate in the SPP	7:00pm on Monday, 20 February 2023
Announcement of SPP Lodgement of Appendix 3B	Tuesday, 21 February 2023
Dispatch of SPP documentation and SPP offer open date	Thursday, 2 March 2023
SPP closing date	Tuesday, 21 March 2023
Announcement of SPP results and allotment of New Shares issued under the SPP Lodgement of Appendix 2A with ASX	Friday, 24 March 2023

- 1) The Placement and SPP timetable is indicative only and subject to variation. The Company reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and the Corporations Act (Cth).
- 2) SPP shares will be issued subject to an ASX Waiver. In the event that the ASX Waiver is not granted, the Company intends to seek shareholder approval to issue the SPP shares and the SPP timetable will be amended accordingly and announced to ASX.

ENDS

Authorised for release by the Board.

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