

2 November 2020

## **EPC contract and bulk earthworks awarded to MACA Interquip for the King of the Hills Project**

***Award of fixed-price EPC and bulk earth works contract means that Red 5 will have committed 82% of the KOTH capital budget of \$188 million. The value of commitments to-date is \$143 million against the budget of \$155 million for these capital items.***

Red 5 Limited (ASX: RED) is pleased to advise that it has taken another key step towards the development of its 2.4Moz, 16-year Life-Of-Mine King of the Hills Project (KOTH) in Western Australia, after issuing a Notice of Award for the Engineering, Procurement and Construction contract (EPC Contract) and the bulk earthworks for the Process Plant to multi-disciplined mineral processing provider MACA Interquip (ASX: MLD).

The EPC contract and bulk earthworks – which encompass the KOTH processing facility, equipping of the bore fields, high voltage power distribution, workshop, warehouse and bulk earthworks – will be undertaken as a fixed-price contract.

MACA Interquip has a strong track record of the construction of similar carbon-in-leach (CIL) processing plants to the 4Mtpa process plant planned at KOTH.

Following execution of the EPC Contract, commitments to-date for the KOTH Project will total \$143 million, compared to the capital budget of \$155 million for these commitments – which represent 82% of the total capital budget of \$188 million (excluding Owners Costs and Contingency).

Commitments made to date include:

- Purchase of 240-bed camp accommodation, water and waste water treatment plants and central facilities;
- Design and construction contract for a 450-person village;
- 6Mtpa gyratory crusher and 4Mtpa SAG mill;
- Early Works Agreement with APA Group (ASX: APA) for the gas pipeline lateral; and
- EPC contract for the process facility and bulk earthworks.

Construction of the village commenced in October 2020 and is on track to be operational in February 2021. The process plant bulk earthworks (for which equipment will be mobilised) are scheduled to commence on 1 December 2020, pending the final remaining permit (currently on schedule).

The EPC contract provides for two phases. The first is limited to \$50 million and Phase 2 is for the remainder of the contract value, which will be released at the discretion of Red 5, based on the status of debt financing.

The Notice of Award provides for the immediate commencement of the design and procurement activities for the process plant as well as mobilisation of earthmoving equipment to site. The Notice of Award limits commitments to \$10 million and is an interim measure to allow the plant design and mobilisation for earthworks to commence immediately while the contract is executed.

Once executed, the value of these contracts, together with the purchase of the 6Mtpa gyratory crusher and 4Mtpa SAG mill (already awarded to MACA Interquip), is \$129 million.

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The purchased long-lead items of the crusher and mill are currently being transported, in preparation for the planned delivery to Australia late in the June Quarter 2021.

The Company is currently calling tenders for both the open pit and underground mining contracts, the independent power producer contract and the supply of gas. These contracts are expected to be finalised in the coming months.



**Figure 1:** Part shells of the 36-foot SAG mill being loaded for transport.



**Figure 2:** Part shells of the 36-foot SAG mill loaded for transport.



**Figure 3:** Artist's impression of the planned 4Mtpa CIL plant at King of the Hills.



**Figure 4:** Construction of the KOTH village is underway.

Red 5 Managing Director Mark Williams, said the award of the EPC Contract and bulk earthworks marked another important milestone for the Company as it prepares to make the transition to become a multi-operational, mid-tier gold producer.

*“Our decision to award these key contracts and make commitments to significant long-lead items prior to completing project debt funding reflects our confidence in the robustness of the King of the Hills Project,”* Mr Williams said.

*“Importantly, the commitments made to date are below budget for this stage of the KOTH Project, and should give our stakeholders confidence that we are well on track to progress the development of this major project, with production planned to start in June Quarter 2022.”*

**ENDS**

Authorised for release by the Board.

For more information:

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**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.