

17 April 2018

## Update - Takeover Bid for Bullseye Mining Limited

Red 5 Limited (ASX: RED) (“**Red 5**” or “the **Company**”) refers to its earlier announcements (19 February 2018 and 4 April 2018) regarding its off-market takeover bid (“**Offer**”) for all of the fully paid ordinary shares (“**Shares**”) in Bullseye Mining Limited (“**Bullseye**”).

As previously disclosed to the market, Bullseye is an unlisted public company whose Western Australian-based gold portfolio includes the Laverton Project, located ~30km to the north of the Darlot Gold Mine, the Southern Cross Gold Project and the Aurora Gold Project.

The Offer is consistent with Red 5’s previously announced Eastern Goldfields Consolidation Strategy, given the proximity of the Laverton Project to the centrally located processing facility at Darlot.

Bullseye shareholders have been offered 1 fully-paid ordinary share in Red 5 for every 5 Bullseye Shares they hold. Attached is a copy of the Bidder’s Statement despatched to Bullseye Shareholders on 12 April 2018.

**ENDS**

### For more information:

#### Investors/Shareholders:

Mark Williams, Managing Director  
John Tasovac, Chief Financial Officer  
Red 5 Limited  
Telephone: +61 8 9322 4455

#### Media:

Nicholas Read  
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### About Red 5 Limited

Red 5 Limited (ASX: RED) is an Australian gold producer with an asset portfolio in the Eastern Goldfields region of Western Australia comprising the operating Darlot Gold Mine and the King of the Hills (KOTH) Gold Project.

Red 5 holds a commanding 25,700ha footprint in the highly-endowed Yandal gold district, one of Australia’s most active gold provinces, and an expanding Mineral Resource inventory, gold production and outstanding exploration and growth potential.

The Group, through its associated Philippine company Greenstone Resources Corporation, also holds interests in the Siana Gold Project, located in the established gold mining region of Surigao del Norte in the Philippines. Mining operations at the Siana Gold Project are currently suspended pending an improvement in operating conditions in the Philippines. Siana retains significant inherent value, including a substantial gold inventory, a modern 1.1Mtpa treatment facility, an open pit mine and a part-developed underground mine.

**Red 5 Limited**

ABN 73 068 647 610

ASX: **RED**

Shares on issue: **1,241M**

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

Web: [www.red5limited.com](http://www.red5limited.com)

Investor enquiries: [info@red5limited.com](mailto:info@red5limited.com)

# Bidder's Statement

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Issued by

OPUS RESOURCES PTY LTD ACN 099 235 533 a wholly-owned subsidiary of RED 5 LIMITED  
ACN 068 647 610

to acquire all of your fully paid shares in BULLSEYE MINING LIMITED ACN 118 341 736

THE OFFER IS 1 (ONE) RED 5 SHARE FOR EVERY 5 (FIVE) OF YOUR BULLSEYE SHARES.

YOU SHOULD

## Accept the Offer

BY 5.00 PM WST ON 14 MAY 2018, UNLESS EXTENDED

If you have any questions about the Offer or this document or about how to accept the Offer, please call Red 5 on +61 8 9322 4455 (local call cost for callers within Australia).

This document contains important information and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

# Bidder's Statement

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Acceptance Form

## IMPORTANT DATES

**Announcement Date:** 19 February 2018

**Bidder's Statement Date:** 29 March 2018

**Date of Offer:** 12 April 2018

**Offer period ends:** 5.00 PM WST on 14 May 2018 (unless extended)

## IMPORTANT NOTICES

**Bidder's Statement relating to an offer from Opus Resources Pty Ltd ACN 099 235 533, a wholly-owned subsidiary of Red 5 Limited ACN 068 647 610, to acquire all of the ordinary shares in Bullseye Mining Limited ACN 118 341 736**

This document is the Bidder's Statement given by the Bidder under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with the requirements of Sections 636 and 637 of the Corporations Act, in relation to the Offer contained in Section 9 of this Bidder's Statement.

The document contains the formal terms of the Bidder's Offer and other information relevant to your decision whether to accept the Offer.

### **Australian Securities and Investments Commission**

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (ASIC) on 29 March 2018. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

### **Date of the Offer**

This Bidder's Statement is dated 29 March 2018. It includes an Offer dated 12 April 2018 (the Offer Date) in Section 9 of this document.

# Bidder's Statement

## Investment Decisions

This Bidder's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Bullseye Shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Bullseye Shares.

## Privacy

Red 5 has obtained your information from the register of Bullseye Shareholders for the purpose of making the Offer and, if accepted, administering holdings of Red 5 Shares. The Corporations Act requires the names and addresses of Red 5 Shareholders to be held in a public register. Your information may be disclosed to Red 5's related bodies corporate and external service providers. It may also be required to be disclosed to regulators such as ASIC. The registered address of Red 5 is Level 2, 35 Ventnor Avenue, West Perth, Western Australia 6005.

## Defined Terms

Terms used in this Bidder's Statement and Offer are defined in section 11.1 below.

## Foreign Shareholders

It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Offer. You should note that the Offer has been conducted in accordance with the laws enforced in Australia and ASX Listing Rules. The disclosure requirements in relation to the Offer applicable in Australia may differ from those applying in your jurisdiction. Foreign Shareholders may have difficulties in enforcing their rights and any claims they may have arising under the laws of their jurisdiction. It may also be difficult to compel the Bidder to subject itself to a foreign court's judgment.

The securities referred to in this Bidder's Statement have not been and will not be registered under the *US Securities Act of 1933 (Securities Act)*, as amended, or other securities laws of any jurisdiction of the US and therefore may not be offered or sold in the US without registration or an applicable exemption from the registration requirements of the Securities Act. **This Bidder's Statement does not constitute an offer to issue or to sell or the solicitation of any offer to buy any such securities or any securities to be issued in exchange for such securities in any jurisdiction in which the issue of shares under the Offer would be unlawful.**

Foreign Shareholders in the People's Republic of China, Guernsey, Hong Kong, Ireland, Singapore and United Kingdom (including Northern Ireland), whom the Bidder has determined are entitled to accept the Offer and receive Red 5 Shares, should refer to the specific offering and cautionary language below in Section 10.15.

## Forward Looking Statements

This Bidder's Statement includes certain forward looking statements. If such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the industry in which Red 5 operates as well as matters such as general economic conditions, many of which are outside the control of the Bidder, Red 5 and its directors. These factors may cause the actual results, performance or achievements of Red 5, the merged entity of Red 5 and Bullseye if the Offer is successful to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward looking statements. The past performance of Red 5 is not a guarantee of future performance.

## Disclaimer as to Bullseye Information

Information in this document about Bullseye has been prepared based on publicly available information and limited due diligence conducted by the Bidder and Red 5 to confirm publicly available information to the extent possible from the limited materials available. Neither the Bidder nor Red 5 have verified all publicly available information. Accordingly, subject to the Corporations Act, neither the Bidder nor Red 5 makes any representation or gives any express or implied warranty as to the accuracy or completeness of such information.

Further information relating to Bullseye's business may be included in Bullseye's Target's Statement which Bullseye must provide to its shareholders in response to this Bidder's Statement.

# Bidder's Statement

## 1. Summary of the Offer

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This summary of the Offer provides a general overview only and should be read together with the detailed information set out in the remainder of this Bidder's Statement.

<b>The Offer</b>	<p>The Bidder is offering to acquire all of the ordinary shares in Bullseye.</p> <p>Accepting Bullseye Shareholders will receive 1 (one) Red 5 Share for every 5 (five) ordinary shares in Bullseye. Entitlements to fractions of Red 5 Shares will be rounded down.</p> <p>No transfer duty or brokers' commissions are payable by Bullseye Shareholders who accept the Offer.</p>										
<b>Key Dates</b>	<table><tr><td>Announcement Date of Offer</td><td>19 February 2018</td></tr><tr><td>Bidder's Statement lodged with ASIC</td><td>29 March 2018</td></tr><tr><td>Date of Offer</td><td>12 April 2018</td></tr><tr><td>Bullseye's Target Statement due</td><td>No later than 15 days after Date of Offer</td></tr><tr><td>Earliest date for close of Offer (unless extended or withdrawn)</td><td>14 May 2018</td></tr></table>	Announcement Date of Offer	19 February 2018	Bidder's Statement lodged with ASIC	29 March 2018	Date of Offer	12 April 2018	Bullseye's Target Statement due	No later than 15 days after Date of Offer	Earliest date for close of Offer (unless extended or withdrawn)	14 May 2018
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<b>Issue of Red 5 shares</b>	<p>Subject to the terms of the Offer in Section 9, you will be issued your Red 5 Shares, following acceptance of the Offer by you (unless you are an Ineligible Foreign Shareholder), by the end of whichever of the following periods ends earlier:</p> <ul style="list-style-type: none"><li>(a) one month after the later of your acceptance and the date the Offer becomes unconditional; or</li><li>(b) 21 days after the end of the Offer Period.</li></ul> <p>Full details of when Red 5 Shares will be issued are set out in Section 9.</p>										
<b>Conditions of the Offer</b>	<p>The Offer is subject to a number of conditions which are set out in full in Section 9 of this Bidder's Statement.</p>										
<b>How to accept the Offer</b>	<p>You may only accept the Offer in respect of all (and not part) of your Shares. To accept the Offer, please complete, sign and return the enclosed Acceptance Form in accordance with the instructions so that it is received before the end of the Offer Period. A reply paid envelope has been enclosed for shareholders with Australian addresses to return their completed Acceptance Form. Overseas shareholders should return their Acceptance Form by email or facsimile in accordance with instructions on the Acceptance Form.</p>										
<b>Close of Offer</b>	<p>The Offer is scheduled to close at 5.00 PM WST on 14 May 2018, unless extended in accordance with the Corporations Act.</p>										
<b>Enquiries about the Offer</b>	<p>If you have any questions about the Offer or how to accept the Offer, please call Red 5 on +61 8 9322 4455 (local call cost for callers within Australia) or consult your legal or other financial or professional adviser.</p> <p>For questions regarding your holding of shares in Bullseye, please call Bullseye's share registry.</p>										

# Bidder's Statement

## Reasons to accept the Offer

1. **(Logical Combination)** The combination of Red 5 and Bullseye is logical, as Red 5's Darlot processing plant is currently the nearest operating gold plant to Bullseye's Laverton Gold Project
2. **(Liquidity)** ASX listed Red 5 Shares can be traded more freely than unlisted Bullseye Shares, enabling Bullseye shareholders to readily monetise some or all of their investment.
3. **(Exposure to Red 5)** Bullseye shareholders will be exchanging their interest in Bullseye for an interest in Red 5's diversified assets (refer Section 4.5), at the same time retaining exposure to Bullseye's assets.
4. **(Fund holding costs)** The minimum holding cost of the Bullseye tenement portfolio in 2018 is \$2.5M (according to the Bullseye 2017 Annual Report). It will be much easier for Red 5 to fund this large cost than Bullseye, an unlisted company with no meaningful revenues.
5. **(Funding pathway)** The transaction provides a pathway to production that avoids the need for the heavily dilutive further fundraising that is likely to be required for exploration and development activities within an unlisted entity.
6. **(Skilled team)** Bullseye shareholders will gain exposure to the Red 5 board and management team that has a depth of technical experience and an operational track record.
7. **(Risk mitigation)** Bullseye assets are at a relatively early exploration stage. The next stage of project development can involve much higher risk. Red 5 ownership will help mitigate the risks associated with any development of the Laverton Gold Project.
8. **(Growth ambitions)** The Red 5 board and management intend to grow the Company and invite Bullseye shareholders to enjoy the benefits of that exciting growth strategy.
9. **(Tax)** You may be eligible for tax rollover relief.

If you wish to accept this Offer you must return the signed Acceptance Form by 5.00 PM (WST) on 14 May 2018.

# Bidder's Statement

## 2. Letter from the Chairman

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29 March 2018

Dear Bullseye Shareholder,

### Offer for Shares

We are pleased to enclose an Offer by Opus Resources Pty Ltd ACN 099 235 533 (**Bidder**), a wholly owned subsidiary of Red 5 Limited (**Red 5**) to acquire all of your ordinary shares in Bullseye Mining Limited (**Bullseye**). The Offer is accompanied by information relevant to the bid. Bullseye Shareholders will receive one (1) Red 5 Share for every five (5) Bullseye Shares.

The Offer is subject to a number of conditions which are set out in this document, including the Bidder having received valid acceptances for at least 90% of Bullseye Shares at or before the end of the Offer Period, unless such conditions are waived.

Red 5 considers the Offer superior to remaining a shareholder in Bullseye as a standalone entity. The combination of Red 5 and Bullseye is logical, as Red 5's Darlot processing plant is currently the nearest operating gold plant to Bullseye's Laverton Gold Project. Bullseye shareholders will be exchanging their interest in Bullseye for an interest in Red 5's diversified assets, and will receive ASX listed shares in Red 5 which can be traded more freely than unlisted Bullseye Shares. The Red 5 Board and management intend to grow the Company and invite Bullseye shareholders to enjoy the benefits of that exciting growth strategy.

The Bullseye Directors have had control and management of the Bullseye projects for approximately 5 years and although significant equity funds have been raised, there has not been any significant advancement or development beyond the level to which the prior owners progressed those projects.

Based on the 5 day volume weighted average price for Red 5 Shares as at the close of trading on 16 February 2018, the trading day prior to Red 5 announcing its intention to bid, of \$0.0684, this Offer values each Bullseye Share at \$0.01368 per share and based on the closing price of Red 5 Shares on 28 March 2018 (the business day prior to the date of this Bidder's Statement) of \$0.065, this Offer values each Bullseye Share at \$0.013 per share.

### Red 5 track record and strategy

The current board and management of Red 5 Group have overseen a return to a positive operating performance at the Siana Gold Project in the Philippines, until the recent suspension of operations due to regulatory delays in obtaining an amendment to the Environmental Compliance Certificate to enable construction of a long term tailings storage facility for the Siana operations, as well as the current uncertainty regarding mining policy within the Philippines. Red 5 has made no calls on shareholders for funding since October 2013 until the acquisition of the Eastern Goldfields assets in October 2017.

In October 2017, Red 5 acquired the Darlot gold mine and the nearby King of the Hills project located in the Eastern Goldfields of Western Australia. While the Philippine assets are considered highly valuable, it is considered that the value on any recommencement will be better recognised within a company with additional operations, hence the Eastern Goldfields acquisitions. Red 5 has commenced a substantial exploration campaign across both the Darlot and King of the Hills Project areas, with the aim of expanding the existing Reserve and Resource base to extend the mine life. Red 5 considers there to be significant potential for discovery of new gold resources.

## Bidder's Statement

On 21 December 2017, within three months of taking operational control of the Darlot assets, Red 5 announced an increased resource totalling 6.0Mt at 4.6g/t for 895,000 ounces (compared to the resource reported under SAMREC by the previous owner, Gold Fields, at 31 December 2016 of 1.17Mt at 5.97g/t for 224,000oz).

As Bullseye Shareholders are aware, the Eastern Goldfields is a prolific gold producing region. Red 5 now holds a meaningful land position in the region, with an extensive exploration database. The Laverton Gold Project owned by Bullseye is a complimentary gold project, the acquisition of which is consistent with Red 5's stated strategy to consolidate undeveloped deposits in the region of the Darlot processing plant. Looking further afield, there are numerous deposits within economic trucking distance of Darlot that do not have access to a processing plant, and Red 5 believes there are exciting opportunities for the Company within the Eastern Goldfields.

The combination of Red 5 and Bullseye provides an attractive investment opportunity for Bullseye Shareholders to continue to have exposure to the Eastern Goldfields in a listed entity ready to develop Bullseye's projects, whilst also providing future exposure to gold operations in the Philippines pending an improvement in operating conditions in the Philippines.

**The Offer is scheduled to close at 5.00 pm WST on 14 May 2018. To accept the Offer please follow the instructions set out in this document and on the accompanying Acceptance Form.**

If you have any questions about the Offer, please don't hesitate to contact your broker, or your legal, financial or other professional adviser. You may also call Red 5 on +61 8 9322 4455 (local call cost for callers within Australia).

My fellow Directors and I believe that the Offer is in the best interests of both Red 5 and Bullseye Shareholders.

We look forward to receiving your acceptance and to welcoming you as a Red 5 shareholder.

Yours Sincerely,



**Kevin Dundo**  
Chairman



# Bidder's Statement

## 3. Reasons to accept the Offer

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### 3.1 Reasons to accept the Offer

- (a) **(Logical combination)** The combination of Red 5 and Bullseye is logical, as Red 5's Darlot processing plant is currently the nearest operating gold plant to Bullseye's Laverton Gold Project.
- (b) **(Liquidity)** ASX listed Red 5 Shares can be traded more freely than unlisted Bullseye Shares, enabling Bullseye shareholders to readily monetise some or all of their investment.
- (c) **(Exposure to Red 5)** Bullseye shareholders will be exchanging their interest in Bullseye for an interest in Red 5's diversified assets (refer Section 4.5), at the same time retaining exposure to Bullseye's assets.
- (d) **(Fund holding costs)** The minimum holding cost of the Bullseye tenement portfolio in 2018 is \$2.5M (according to the Bullseye 2017 Annual Report). It will be much easier for Red 5 to fund this large cost than Bullseye, an unlisted company with no meaningful revenues.
- (e) **(Funding pathway)** The transaction provides a pathway to production that avoids the significant potential dilution associated with funding exploration and development activities within an unlisted entity.
- (f) **(Skilled team)** Bullseye shareholders will gain exposure to the Red 5 board and management team that has a depth of technical experience and operational track record.
- (g) **(Risk mitigation)** Bullseye assets are at a relatively early exploration stage. The next stage of project development can involve much higher risks associated with any development of the Laverton Gold Project.
- (h) **(Growth ambitions)** The Red 5 board and management intend to grow the Company and invite Bullseye shareholders to enjoy the benefits of that exciting growth.
- (i) **(Tax)** You may be eligible for tax rollover relief.

Bullseye Shareholders will gain exposure to the expertise and track record of the Red 5 board and management which has recently successfully grown the Company in the Eastern Goldfields of Western Australia and invite Bullseye shareholders to be part of that exciting growth strategy.

Bullseye Shareholders should refer to Section 10.4 below which confirms that a Bullseye Shareholder should not be subject to any brokerage or commission on selling their Shares into the Offer.

### 3.2 Risks of not accepting

If you do not accept the Offer, there are certain risks that you should be aware of including that:

- (a) if the current positive environment for raising capital for gold mining projects deteriorates, the existing shareholders of Bullseye may see the indefinite deferral of the development of the Laverton Gold Project, and ongoing call for funds to maintain the existing Bullseye tenement portfolio;

## Bidder's Statement

- (b) project development is risky, and generally requires a very different skill set to that of an explorer. Development risks include project delivery on time and budget, plant and mine performance to expectations, and managing adverse events (such as excess rain and plant breakdown);
- (c) the actual current resource and / or reserve position of the Laverton Gold Project may be too small to support a standalone development, and shareholders may be called on to support an additional exploration effort to increase reserves to an economically viable level;
- (d) you may not receive any subsequent offer for your Shares; and
- (e) if the Bidder becomes entitled to compulsorily acquire your Shares it intends to exercise those rights. If your Shares are compulsorily acquired, you will still receive the consideration under the Offer for your Shares but at a later date than you would have received it had you accepted the Offer.

# Bidder's Statement

## 4. Information on the Bidder and Red 5

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### 4.1 Who is the Bidder?

The Bidder is a proprietary limited company incorporated in Australia in 2002. The Bidder is a wholly owned subsidiary of Red 5 and its principal activities are as a holding vehicle for Red 5.

As at the date of this Bidder's Statement, the directors of the Bidder are Mr Kevin Dundo and Mr Mark Williams, who are also directors of Red 5 (refer to section 4.6 for details).

### 4.2 Who is Red 5?

Red 5 Limited ACN 068 647 610 is an ASX-listed gold production company with established projects in the Eastern Goldfields region of Western Australia, as well as the Philippines.

Specifically, Red 5's primary assets comprise the Darlot Gold Mine and the nearby King of the Hills Gold Project (**KoH**), both located in the Eastern Goldfields of Western Australia, as well interests in the Siana Gold Project and Mapawa Project, located on the island of Mindanao in the Philippines. A full list of the tenements in which Red 5 has an interest is set out in Red 5's quarterly activities report released to ASX on 31 January 2018.

Red 5 was listed on the ASX on 6 October 1996. Refer to Sections 10.7 and 10.14 regarding Red 5 and its status as a disclosing entity.

### 4.3 Red 5's vision and strategy

Red 5's vision is to be a successful multi-operational exploration and mining company, providing benefits to all stakeholders, through the consistent application of technical excellence, and responsible and sustainable industry practices.

In August 2017, Red 5 announced plans to embark on a major new growth strategy in the Eastern Goldfields region of Western Australia after entering into binding agreements to acquire the operating Darlot Gold Mine from a subsidiary of South African-based gold producer Gold Fields Limited) and the advanced King of the Hills Gold Project from Western Australian mid-tier gold producer Saracen Mineral Holdings Limited ACN 126 493 552 (**Saracen**).

These acquisitions marked a significant advancement in the development of the Company, and following completion in early October 2017, provided Red 5 with an extensive 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.

The completion of these transactions has also seen both Gold Fields and Saracen join the Red 5 share register as major shareholders with relevant interests of 19.9% and 10.5% respectively. The collaborative nature of the arrangements with these key stakeholders clearly demonstrated a strong endorsement of the Company's growth strategy and the capacity of the management team to execute upon that strategy.

Red 5 also holds an interest in the Siana Gold Project, located on the island of Mindanao in the Philippines. The Siana Gold Project is held under a Mineral Production Sharing Agreement by Greenstone Resources Corporation (a Red 5 Philippine affiliate company).

Mining operations at the Siana Gold Project are currently suspended pending an improvement in operating conditions in the Philippines. Until recently, the deposit had been mined by open pit methods and work had commenced on the decline for the underground mining operation.

Red 5 retains an interest in the Siana project in the Philippines, with the expectation that the Red 5 Group may be in a position to either re-commence gold production from the Siana

# Bidder's Statement

project in the future, providing a second production centre alongside the Eastern Goldfields, or pursue other strategies to maximise the inherent value of the large resource inventory and infrastructure base in the Philippines.

## 4.4 Red 5's financial performance

In summary, Red 5's financial performance for the half year ended 31 December 2017 was as follows:

<b>Financial Summary: key data for half year ending 31 December 2017</b>	
<b>A\$ '000s – audit reviewed</b>	
Revenue	37,484,652
Cash flow from operations	8,222,337
Cash	10,287,843
Total assets	162,896,273
Total liabilities	72,619,808
Operating loss	<b>(1,673,685)</b>
Loss per share (cents per share)	(0.24)

Further details are set out in Section 4.8 of this Bidder's Statement.

## 4.5 Overview of Red 5's Operations

### (a) Darlot

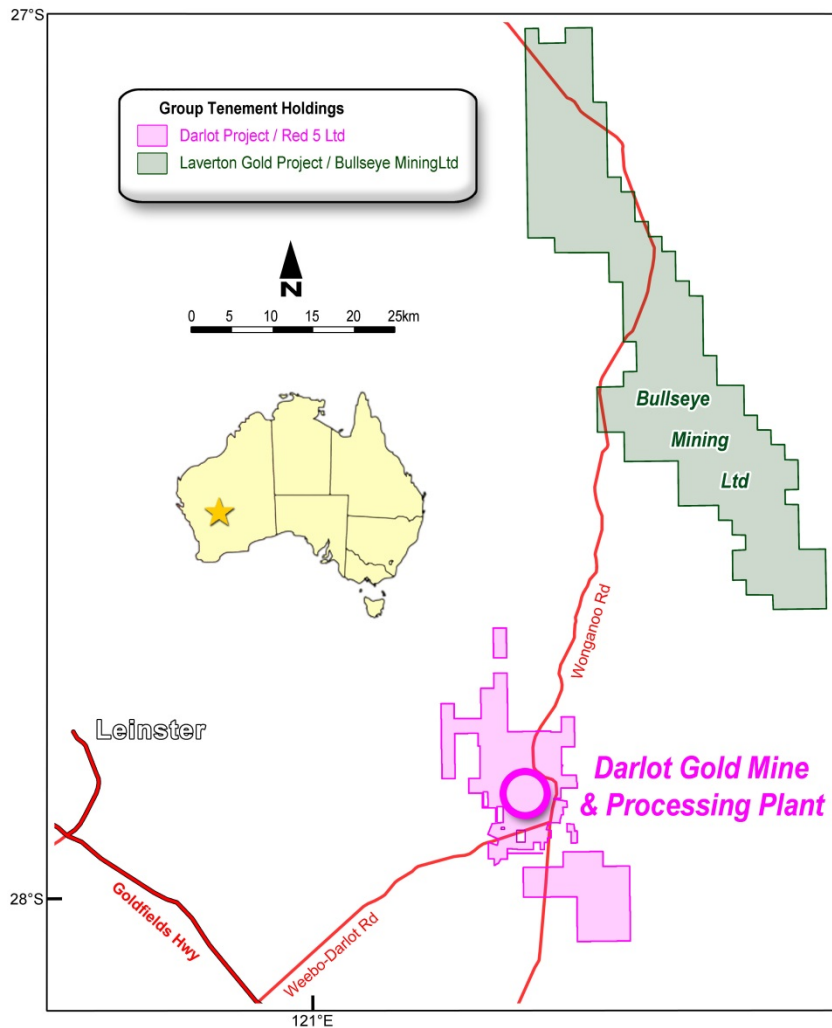
- (1) Darlot Gold Mine is an established, operating gold mine located ~690km north-east of Perth, situated in a rich historical gold field, and that has produced ~2.7Moz of gold over a 28-year operating history. Historical production has averaged ~94koz per annum since 1989, with production of 66,000oz in 2016.
- (2) The Darlot mining operation was acquired by Red 5 in October 2017 as a going concern from a wholly-owned subsidiary of Gold Fields, with the acquisition including:
  - (A) a fully operational 0.83Mtpa Carbon-in-Pulp (CIP) and Carbon-in-Leach (CIL) gold processing plant, which was refurbished by previous owner Barrick Gold in 2010-2013;
  - (B) a JORC 2012 Mineral Resource of 6.0Mt @ 4.6g/t Au for 895,000oz as at 21 December 2017 (noting that upon acquisition, a lower SAMREC resource had been reported);
  - (C) a mining camp, including 402 rooms, mess facilities and other camp associated facilities;
  - (D) a total land-holding of approximately 13,900ha;

# Bidder's Statement

- (E) extensive on-site infrastructure, including ROM pad, paste plants, tailings dams, maintenance workshops, exploration/core logging and storage facilities, and a CASA-certified airstrip; and
- (F) all required utilities including power and water.

Prior to Gold Fields' ownership, the Darlot Gold Mine was held by Barrick Gold and Homestake Mining.

Red 5 considers that the Darlot processing plant is the key to unlocking numerous isolated gold deposits that lie within economic trucking distance.



**Figure 1** above shows the location of the Darlot Gold Mine and processing plant (pink) and its proximity to Bullseye's Laverton Gold Project (green).

During the December 2017 quarter following the acquisition of the Darlot mine, Red 5 processed 130,944 tonnes of ore at an average head grade of 4.21 g/t Au, with a total production of 17,777 ounces. Red 5's total all-in sustaining costs in that period were A\$1,291/oz.

# Bidder's Statement

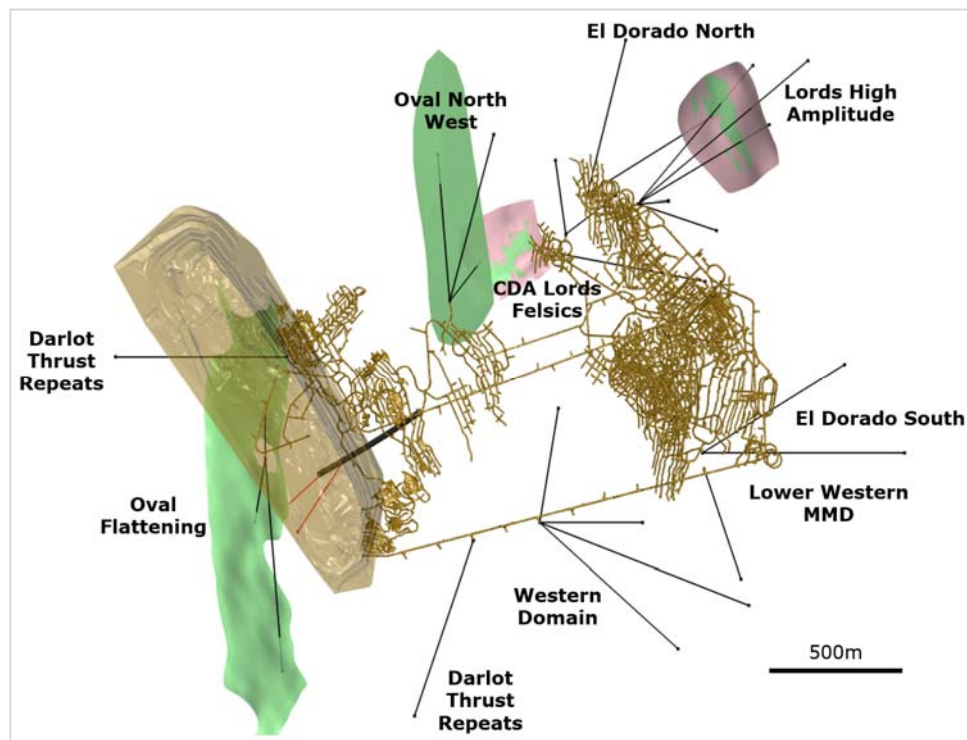
Darlot Mineral Resources reported as at 21 December 2017 are tabulated below.

JORC 2012 Category	Cut off Au (g/t)	Tonnes (kt)	Grade (g/t Au)	koz Au
Measured	2.0	7	10.1	2
Indicated	2.0	3,904	4.9	615
Inferred	2.0	2,086	4.1	278
<b>Total</b>	<b>2.0</b>	<b>5,997</b>	<b>4.6</b>	<b>895</b>

Darlot Ore Reserves reported as at 21 December 2017 are tabulated below.

JORC 2012 Category	Cut off Au (g/t)	Tonnes (kt)	Grade (g/t Au)	koz Au (In situ)
Proven	-	-	-	-
Probable	2.3	1,000	4.0	132
<b>Total</b>	<b>2.3</b>	<b>1,000</b>	<b>4.0</b>	<b>132</b>

Latest production guidance was provided to the market on 26 March 2018 indicating that gold production for the calendar year 2018 was expected to be between 85,000 ounces and 95,000 ounces, and that production in the March 2018 quarter was estimated at between 12,000 ounces and 15,000 ounces.



**Figure 2** Plan view of Darlot open pit, and underground development and resource targets.

The Darlot mine has significant potential for additional gold mineralisation discovery, outside the traditional mining areas, including the potential for discovery of open cut deposits proximal to the processing plant.

# Bidder's Statement

## (b) King of the Hills

The KotH Gold Project (including the Tarmoola open cut) is located ~86km south of the Darlot Gold Mine and ~28km northwest of the town of Leonora in the Eastern Goldfields region of Western Australia.

KotH was acquired by Red 5 from Western Australian gold producer Saracen Mineral Holdings in early October 2017, with the acquisition including:

- (1) a JORC 2012 Underground Indicated and Inferred Mineral Resource of 2.71Mt at 4.6g/t Au for 402,000oz of contained gold<sup>1</sup>;
- (2) a new underground mine design developed by Saracen following a six month trial underground mining campaign;
- (3) established site infrastructure located immediately adjacent to the Goldfields Highway; and
- (4) an 11,751ha tenement holding with excellent exploration potential.

Based on the results of this work, Saracen developed an entirely new geological model for KotH and developed a new underground mine design which envisages two mining areas in the southern and central portions of the mine.

Red 5 has engaged Pit n Portal (previously the underground mining contractor for Saracen at KotH) to undertake underground mining at KotH. Mined ore is being transported to the Darlot gold mining operation for processing.

A Scoping Study laboratory test work program at KotH has also been developed to assess the amenability of both existing low-grade stockpiles and potential open pit ore to heap leach treatment methods.

Red 5 has also commenced a review of historical exploration data for KotH, which has multiple lodes extending over 1.95km and open at depth, providing numerous exploration drilling targets.

KotH Mineral Resources<sup>1</sup> as at 30 June 2017 are tabulated below.

JORC 2012 Category	Cut off Au (g/t)	Tonnes (kt)	Grade (g/t Au)	koz Au
Measured	-	-	-	-
Indicated	2.0	1,109	5.1	183
Inferred	2.0	1,601	4.3	219
<b>Total</b>	<b>2.0</b>	<b>2,710</b>	<b>4.6</b>	<b>402</b>

Red 5 has commenced exploration and resource delineation and anticipates being in a position to report an updated resource estimate, and maiden reserve by around Q3 of calendar year 2018.

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<sup>1</sup> Saracen Minerals release to ASX dated 2 August 2017

# Bidder's Statement

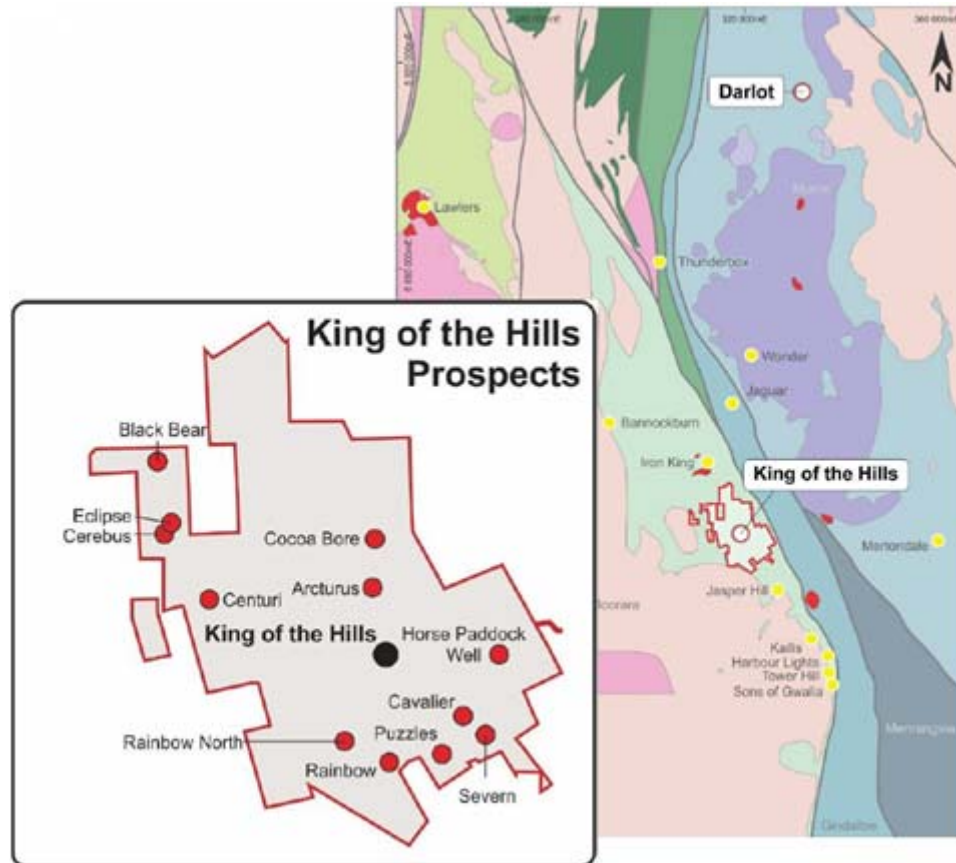


Figure 3 above highlights the KotH project location and the key prospects.

King of the Hills is a large gold mineralised system extending over a distance of more than 1.94 km. Open cut mining by previous operators produced 1.58 million ounces at a head grade of 1.72g/t Au. St Barbara carried out underground mining for four years from 2011 to 2015, producing 243k ounces at a head grade of 4.3g/t Au, and the all in sustaining costs for their last two years averaged A\$1,178/oz.

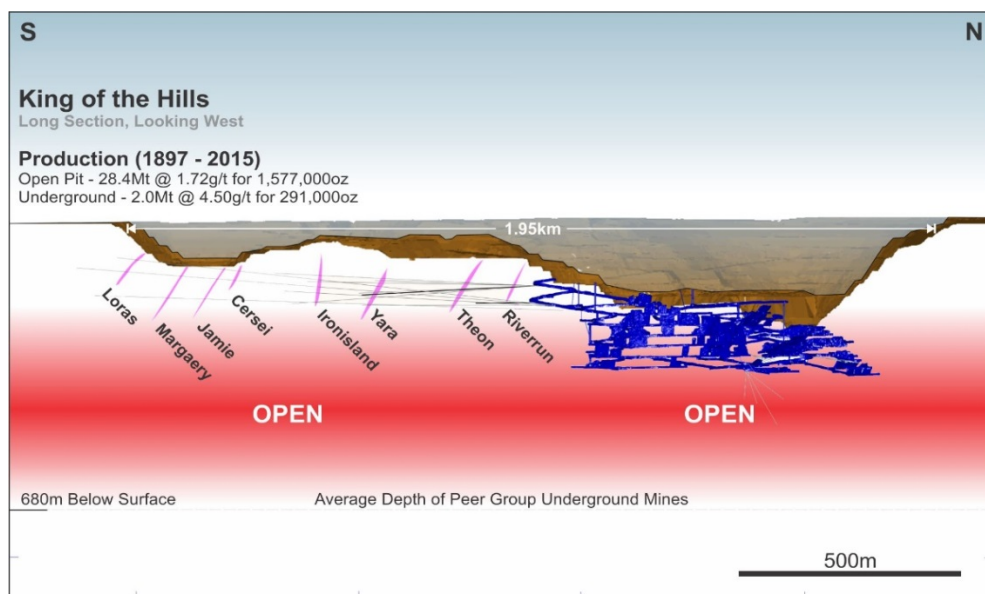
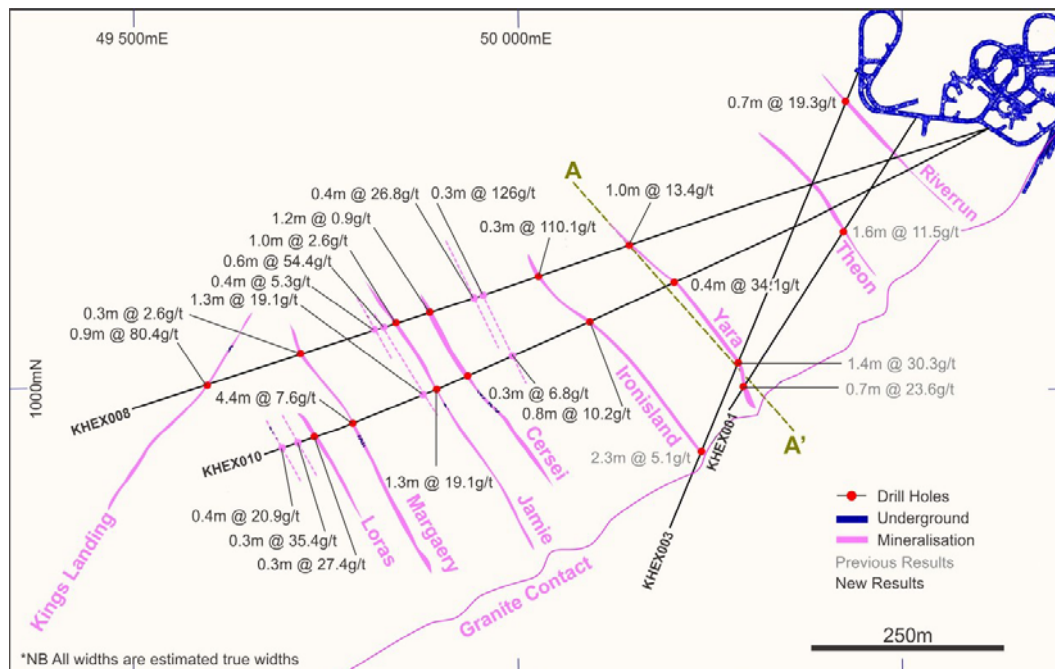


Figure 4 Longitudinal projection looking west of the historical open pit and the current underground workings of the KotH project.



# Bidder's Statement

Saracen acquired the KoTH project from St Barbara in the latter half of 2015 and subsequently demonstrated the existence at depth of multiple lodes to the south of the existing underground operations by drilling a number of horizontal diamond drill holes from the southern end of the existing underground development over distances of more than a kilometre.



**Figure 5** Plan view showing the high graded gold intersections from drilling by former owner, Saracen of the high grade veining in the southern section of the KoTH resource.

## (c) Philippine Gold Operations

### Siana Gold Project

The Siana Gold Project is located on the island of Mindanao in the Philippines, within the Siana MPSA. The project is situated in the Surigao del Norte region in northern Mindanao, which is a highly prospective and established mining province.

Mining operations have been conducted at Siana since the early 1900's, with major commercial underground mining conducted by Philippine company, Suricon Consolidated Mining Company, from 1938 to 1960 followed by open pit mining from 1980 to 1991.

The Siana Gold mine had produced nearly one million ounces of gold prior to its acquisition in 2003 by Red 5's Philippines affiliated company, Greenstone Resources Corporation (**Greenstone Resources**).

Following an extensive feasibility and permitting process, construction of a new open pit mining operation at Siana commenced in 2010, based on deepening the existing open pit by a further 100 metres.

Greenstone Resources poured its first gold bar at Siana in February 2012, with the ore processed through a conventional modern 1.1 million tonne per annum gravity and Carbon-in-Leach processing plant located on-site to produce gold doré, which is then shipped for refining.

Mining operations were suspended in April 2013 following the detection of subsidence in the wall of a tailings dam. After a change in board and management, the Siana Gold

## Bidder's Statement

Project resumed operations in January 2015 with a ramp-up to full production completed by mid-2015. Greenstone Resources submitted an application for an amendment to the Environmental Compliance Certificate (ECC) for the Siana Gold Project in July 2016 to enable the construction of a long-term tailings storage facility. Despite extensive efforts to progress consideration of the application by the Philippine authorities, the required ECC amendment remains outstanding. Due to the uncertainty arising from the regulatory delays and government mining policy in the Philippines, mining operations at the Siana Gold Project were suspended in April 2017. Ongoing activities at Siana include dewatering of the open pit and monitoring of geotechnical issues and pit wall stability. An updated open pit mining plan and financial study is currently being undertaken.

Prior to the suspension of activities in April 2017, underground development had reached 445 metres, with the decline development from Portal 3 joined with the main Portal 1 decline and construction of important surface infrastructure completed. Ongoing work has identified opportunities to significantly enhance the financial outcomes of the proposed underground mine.

Siana Mineral Resources and Reserves as at 30 June 2017 are tabulated below.

### Siana Open Pit Mineral Resource as at 30 June 2017

Estimate Date	JORC Category	2012	Cut off Au g/t	Tonnes (Mt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2017	Indicated		0.7	0.65	3.7	7.9	77	164
	Inferred ROM		0.7	0.03	2.8	1.2	3	1
	ROM stockpile		0.7	0.29	1.1	6.6	10	61
	<b>Total</b>		<b>0.7</b>	<b>0.97</b>	<b>2.9</b>	<b>7.3</b>	<b>90</b>	<b>226</b>

Due to the updated underground reserve including mining material to the base of the pit design, the reporting methodology for the Open Pit indicated and Inferred Resource only reports material within the pit design at a 0.7 g/t gold cut-off grade. All indicated and inferred material below the design pit has been reported within the JORC 2012 underground resource model at a 2.4g/t gold cut-off grade.

### Siana Open Pit Ore Reserve as at 30 June 2017

Estimate Date	JORC Category	2012	Cut off Au g/t	Tonnes (Mt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2017	Probable <sup>1</sup>		-	-	-	-	-	-
	ROM stockpile		0.7	0.26	1.1	6.6	10	61
	<b>Total</b>		<b>0.7</b>	<b>0.26</b>	<b>1.1</b>	<b>6.6</b>	<b>10</b>	<b>61</b>

<sup>1</sup>No JORC 2012 Open Pit Reserve is reported as at 30 June 2017 for the Siana Gold Project pending approval of an amendment to the ECC to enable construction of a long-term TSF.

### Siana Underground Mineral Resource as at 30 June 2017

Estimate Date	JORC Category	2012	Cut off Au g/t	Tonnes (Mt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2017	Indicated		2.4	3.4	5.2	7.2	566	779
	Inferred ROM		2.4	0.5	9.3	11.2	153	186
	<b>Total</b>		<b>2.4</b>	<b>3.9</b>	<b>5.7</b>	<b>7.7</b>	<b>719</b>	<b>964</b>

# Bidder's Statement

## Siana Underground Ore Reserve as at 30 June 2017

Estimate Date	JORC Category	2012	Cut off Au g/t	Tonnes (Mt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2017	Probable		2.4	3.01	4.1	6.7	396	644
	<b>Total</b>		<b>2.4</b>	<b>3.01</b>	<b>4.1</b>	<b>6.7</b>	<b>396</b>	<b>644</b>

### Mapawa MPSA

The Mapawa Project is a significant gold-copper porphyry prospect which forms part of the Greenstone Resources' broader regional tenement portfolio in the highly prospective Surigao del Norte mining province in the Philippines. Mapawa represents a strategic development and growth opportunity and is located approximately 20km north of the Siana Gold Project.

The project area has been known to be prospective for gold since the 1930s. From 1988 to 1990, Surigao Consolidated Mining Company (Suricon) actively explored the area and undertook field mapping, trenching and drilling, targeting the surface epithermal gold veins, culminating in a limited trial-mining exercise in the late 1990s.

Initial studies have been undertaken to evaluate the potential for open pit mining of the shallower part of the Mapawa LSY deposit and transporting of higher grade ore from the Mapawa LSY deposit to the Siana processing plant to provide incremental ore feed during the proposed underground mining phase of the Siana Gold Project.

The Red 5 Group believes that there is also significant potential to add to the Mapawa LSY resource base and exploration activities are ongoing, with the goal of increasing the Mineral Resource sufficiently to enable a possible stand-alone gold-copper project at Mapawa along with regional exploration on the surrounding Mapawa MPSA.

Mapawa LSY Mineral Resources as at 30 June 2017 are shown below.

## Mapawa LSY Open Pit Mineral Resource as at 30 June 2017

Estimate Date	JORC 2012 Classification	Cut off Au g/t	Tonnes (Mt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2017	Indicated	0.7	3.27	1.0	3.5	103	371
	Inferred	0.7	5.56	1.0	2.5	185	438
	<b>Total</b>	<b>0.7</b>	<b>8.83</b>	<b>1.0</b>	<b>2.9</b>	<b>289</b>	<b>809</b>

There have been no changes to the Mapawa Mineral Resources as reported at 30 June 2017.

### (d) Mt Cattlin Royalty

Red 5 owns the right to receive a royalty payment of A\$1.50 per tonne of ore mined and processed from the Mt Cattlin mine 2-3km northwest of the township of Ravensthorpe, Western Australia. Mt Cattlin mine re-commenced mining and processing operations in 2016.

Royalty entitlements for the year ended 30 June 2017 were \$1M and for the September 2017 and December 2017 quarters were \$1.2M.

# Bidder's Statement

On 23 March 2018 Galaxy Resources Ltd reported a JORC 2012 mineral resource of 11.6 million tonnes at 1.2% Li<sub>2</sub>O, including ore reserves of 7.64Mt at 1.05% Li<sub>2</sub>O and 107ppm Ta<sub>2</sub>O<sub>5</sub>.

The Board of Red 5 considers the right to receive the Mt Cattlin royalty as a valuable asset and is continuing to evaluate ways to maximise that value to the Company.

(e) **South Darlot Farmin Agreement JV**

Darlot Mining Company Pty Ltd, a subsidiary of Red 5, has a joint venture farmin arrangement with South Darlot Mines Pty Ltd (**SDM**), a subsidiary company of Central Iron Ore Ltd, whereby SDM is the current manager and operator of several mining tenements, covering an area of 1,878 hectares which is contiguous with the southern boundary of the main Darlot Gold Project tenements.

(f) **Montague JV**

Estuary Resources Pty Ltd, a subsidiary company of Red 5, has a 25% free carried interest, to completion of the first bankable feasibility study in relation to a mine area, in 3 mining tenements located some 70km north-northeast of Sandstone, Western Australia, proximal to and partially encircling the historical Montague Mining Centre. Gateway Mining Ltd holds 75% interest in the JV tenements and is the manager and operator of the JV.

(g) **Acquisitions and divestments**

Red 5's Eastern Goldfields strategy is to analyse opportunities in the region. Red 5 regularly examines new acquisition opportunities which may relate to existing or new areas of operation for Red 5. This may lead to changes in the source of Red 5's operating profits over time. From time to time, Red 5 may receive unsolicited approaches from interested buyers for assets, joint ventures or businesses operated by Red 5. These approaches are evaluated on their merits. Other than in respect of the Offer or as otherwise disclosed in this Bidder's Statement, there are no discussions presently being undertaken in relation to acquisitions or divestments that are sufficiently advanced or sufficiently material to Red 5's near term earnings that Red 5 considers warrant disclosure in this Bidder's Statement.

## 4.6 Directors and Senior Management

Red 5's directors have substantial experience acquiring, building and developing operating mines in Australia and overseas. The following persons are directors of Red 5 as at the date of this Bidder's Statement:

**Kevin Dundo (Chairman)**

A non-executive director since March 2010 and Chairman since November 2013. Mr Dundo practises as a lawyer and specialises in commercial and corporate areas with experience in the mining sector, the service industry and the financial services industry. Mr Dundo is a member of the Audit Committee and the Remuneration Committee.

**Mark Williams (Managing Director)**

A non-executive director since January 2014 and Managing Director since April 2014. Mr Williams was previously General Manager of the Tampakan Copper-Gold Project in southern Philippines from 2007 to 2013. He has over 20 years of mining experience operating within a diverse range of open cut, underground, quarrying and civil engineering environments across the developed markets of Australia, United Kingdom and New Zealand, as well as the emerging markets of Philippines, Vietnam, Thailand and South Pacific.

# Bidder's Statement

## **Ian Macpherson (Non-Executive Director)**

A non-executive director since April 2014. Mr Macpherson is a chartered accountant with over 30 years' experience in the provision of financial and corporate advisory services. He was a former partner at Arthur Anderson & Co managing a specialist practice providing corporate and financial advice to the mining industry. Mr Macpherson established Ord Partners in 1990 (later to become Ord Nexia) and has specialised in the area of corporate advice with particular emphasis on capital structuring, equity and debt raising and corporate affairs. Mr Macpherson is Chairman of the Audit Committee and Chairman of the Remuneration Committee.

## **John Colin Loosemore (Non-Executive Director)**

A non-executive director since December 2014. Mr Loosemore is a geologist with over 40 years' experience in multi-commodity exploration within Australia and overseas, having graduated from London University in 1970 and the Royal School of Mines in 1977. Mr Loosemore has previously been Managing Director of a number of mining companies including Hill Minerals NL, Carr Boyd Minerals Ltd, Brancote Australia NL and most recently Archipelago Resources Plc. He has also been a non-executive Director of Lynas Corporation Ltd and Elkedra Diamonds NL.

## **4.7 Key Management**

### **John Tasovac (Chief Financial Officer)**

Mr Tasovac has been Chief Financial Officer at Red 5 since August 2017. Mr Tasovac served as the Chief Financial Officer of Asian Mineral Resources Ltd from August 2013 to June 2014. Mr Tasovac has more than 20 years of international finance experience in the mining industry. He joined AMR from Xstrata, where he served as the General Manager of Finance for Xstrata Copper Project Development South American Division based in Chile. Prior to this, Mr Tasovac held various finance management roles with Xstrata Copper's operations in Peru and Australia, Minera Alumbrera in Argentina and BHP Iron Ore in Australia.

### **Steve Tombs (General Manager)**

Mr Tombs joined Red 5 in April 2016, initially as Underground Project Manager, and is an experienced mining executive. Mr Tombs spent more than 11 years with AngloGold Ashanti, where he held a number of senior positions including Underground Project Manager for the Sunrise Dam Gold Mine in Western Australia. Mr Tombs has extensive experience working in underground operations where efficient paste-fill management, effective mining of historical workings and detailed water management practices were key factors for success.

### **Byron Dumpleton (Chief Geologist)**

Mr Dumpleton is a geologist with 30 years experience in mine geology, resource interpretation and modelling, brownfields and grass roots exploration in a variety of operational, technical and corporate roles in both underground and open pit. Mr Dumpleton has extensive experience across multiple minerals and geographies, particularly in gold and Australia.

## **4.8 Financial information**

This section contains the audit reviewed half year financial summary for the six months ended 31 December 2017 (and six months ended 31 December 2016). The historical financial information in this Section is prepared in accordance with the presentation standards required by the Corporations Act and the ASX Listing Rules.

For further financial information on Red 5 please see Red 5's annual reports, and half yearly accounts available at <http://www.red5limited.com>. The accompanying notes are set out in full in those accounts.

# Bidder's Statement

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED	
	NOTE	31.12.17 \$	31.12.16 \$
Revenue		37,484,652	56,290,474
Cost of sales	2(b)	<u>(33,059,919)</u>	<u>(55,221,105)</u>
Gross profit		4,424,733	1,069,369
Other income	2(a)	1,601,475	13,098
Administration and other expenses	2(c)	(4,775,689)	(2,611,459)
Care and maintenance		(2,388,752)	-
Exploration expenditure		(535,452)	(223,102)
Impairment expense	2(d)	<u>-</u>	<u>(70,392,762)</u>
<b>Operating profit / (loss)</b>		<b>(1,673,685)</b>	<b>(72,144,856)</b>
Financing income		17,097	12,631
Financing expenses		<u>(555)</u>	<u>(3,841)</u>
Net financing income		<u>16,542</u>	<u>8,790</u>
<b>Profit / (loss) before income tax expense</b>		<b>(1,657,143)</b>	<b>(72,136,066)</b>
Income tax expense	11	<u>(788,772)</u>	<u>(80,962)</u>
<b>Net profit / (loss) after income tax for the period</b>		<b>(2,445,915)</b>	<b>(72,217,028)</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Movement in foreign currency translation reserve		<u>(399,274)</u>	<u>(3,683,709)</u>
<b>Total other comprehensive income / (loss) for the period</b>		<b><u>(2,845,189)</u></b>	<b><u>(75,900,737)</u></b>
<b>Net profit / (loss) after income tax attributable to:</b>			
To non-controlling interest		(44,635)	(1,733,209)
To members of parent entity		<u>(2,401,280)</u>	<u>(70,483,819)</u>
		<b><u>(2,445,915)</u></b>	<b><u>(72,217,028)</u></b>
<b>Total comprehensive profit / (loss) attributable to:</b>			
To non-controlling interest		(54,218)	(1,821,618)
To members of parent company		<u>(2,790,971)</u>	<u>(74,079,119)</u>
		<b><u>(2,845,189)</u></b>	<b><u>(75,900,737)</u></b>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted profit / (loss) per share (cents per share)	15	(0.24)	(9.25)

# Bidder's Statement

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	NOTE	CONSOLIDATED	
		31.12.17	30.06.17
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	10,287,843	5,393,463
Trade and other receivables	4	15,090,415	9,298,003
Inventory		<u>16,259,791</u>	<u>13,915,306</u>
<b>TOTAL CURRENT ASSETS</b>		<u>41,638,049</u>	<u>28,606,772</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	4	3,630,145	3,702,594
Property, plant and equipment	5,16	81,868,161	42,489,004
Mine development	6,16	<u>35,759,918</u>	<u>4,291,715</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>121,258,224</u>	<u>50,483,313</u>
<b>TOTAL ASSETS</b>		<u><b>162,896,273</b></u>	<u><b>79,090,085</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	25,914,670	4,694,572
Income tax payable		2,302,235	-
Provisions	9	1,116,104	1,116,104
Employee benefits	10	<u>4,213,375</u>	<u>118,396</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>33,546,384</u>	<u>5,929,072</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	30,969,661	3,692,206
Employee benefits	10	349,465	10,981
Deferred tax liability	11	<u>7,754,298</u>	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>39,073,424</u>	<u>3,703,187</u>
<b>TOTAL LIABILITIES</b>		<u><b>72,619,808</b></u>	<u><b>9,632,259</b></u>
<b>NET ASSETS</b>		<u><b>90,276,465</b></u>	<u><b>69,457,826</b></u>
<b>EQUITY</b>			
Contributed equity	12	260,285,824	236,674,602
Other equity		930,285	930,285
Reserves	13	21,499,495	21,836,580
Accumulated losses		<u>(188,715,361)</u>	<u>(186,314,081)</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<u><b>94,000,243</b></u>	<u><b>73,127,386</b></u>
Non-controlling interest		<u>(3,723,778)</u>	<u>(3,669,560)</u>
<b>TOTAL EQUITY</b>		<u><b>90,276,465</b></u>	<u><b>69,457,826</b></u>

# Bidder's Statement

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED	Attributable to equity holders of the parent entity					
	Issued capital	Other equity	Accumulated losses	Other reserves <sup>(i)</sup>	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	236,674,602	930,285	(186,314,081)	21,836,580	(3,669,560)	69,457,826
Net profit/(loss)			(2,401,280)		(44,635)	(2,445,915)
Other comprehensive (loss) / income for the period				(389,691)	(9,583)	(399,274)
Total comprehensive (loss) / income for the period			(2,401,280)	(389,691)	(54,218)	(2,845,189)
Shares issued during the period	62,500					62,500
Issues of employee performance rights				52,606		52,606
Rights issue	12,741,752					12,741,752
Shares issued on acquisition of Darlot & King of the Hills	11,000,000					11,000,000
Share issue costs	(193,030)					(193,030)
<b>Balance at 31 December 2017</b>	<b>260,285,824</b>	<b>930,285</b>	<b>(188,715,361)</b>	<b>21,499,495</b>	<b>(3,723,778)</b>	<b>90,276,465</b>
<b>Balance at 1 July 2016</b>	236,416,512	930,285	(99,988,195)	35,335,482	(1,226,387)	171,467,697
Net profit/(loss)	-	-	10,676,482	-	262,536	10,939,018
Other comprehensive (loss) / income for the period	-	-	-	2,123,047	52,206	2,175,253
Total comprehensive (loss) / income for the period	-	-	10,676,482	2,123,047	314,742	13,114,271
Shares issued during the period	138,000	-	-	-	-	138,000
Non-controlling interest movement	-	-	-	(21,733)	21,733	-
Issue of employee performance rights	-	-	-	37,542	-	37,542
<b>Balance at 31 December 2016</b>	<b>236,554,512</b>	<b>930,285</b>	<b>(89,311,713)</b>	<b>37,474,338</b>	<b>(889,912)</b>	<b>184,757,510</b>

(i) Other reserves represent foreign currency translation reserve, defined retirement benefit and the share based payment reserve.



# Bidder's Statement

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	<b>CONSOLIDATED</b>	
	<b>31.12.17</b>	<b>31.12.16</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from sale of gold	36,154,358	35,332,440
Royalties received	1,062,848	-
Payments to suppliers and employees	(28,852,678)	(37,709,574)
Payments for exploration and evaluation	(587,348)	(517,888)
Payments for property and income taxes	-	(1,753,993)
Interest received	16,281	12,560
Interest paid	(555)	(3,841)
Sundry receipts	429,431	13,098
	<u>8,222,337</u>	<u>(4,627,198)</u>
<b>Net cash from / (used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(1,315,185)	(5,681,080)
Payments for mine development	(625,109)	(1,937,940) <sup>(i)</sup>
Payments for acquisition of King of the Hills assets	(7,000,000)	-
Payments for Darlot, net of cash acquired	(6,742,265)	-
	<u>(15,682,559)</u>	<u>(7,619,020)</u>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	12,741,752	-
Payments for share issue transaction costs	(193,031)	-
	<u>12,548,721</u>	<u>-</u>
<b>Net cash from financing activities</b>		
<b>Net increase / (decrease) in cash held</b>	5,088,499	(12,246,218)
Cash at the beginning of the financial period	5,393,463	18,189,210
Effect of exchange rate fluctuations on cash held	(194,119)	(392,138)
	<u>10,287,843</u>	<u>5,550,854</u>
<b>Cash at the end of the financial period</b>		

- (i) Payments for deferred waste which have been expensed during the period are not classified in investing activities as mine development.

# Bidder's Statement

## 4.9 Stock Market Trading

The consideration to be offered in exchange for shares in Bullseye consists of fully paid ordinary shares in Red 5. Shares of the same class are traded on the ASX.

## 4.10 Recent share price performance of Red 5

The latest recorded sale price of Red 5 Shares on ASX before the Announcement Date was A\$0.072 as at close of trading on ASX on 16 February 2018.

The latest recorded sale price of Red 5 Shares on ASX the date before this Bidder's Statement was lodged with ASIC was A\$0.065 as at close of trading on ASX on 28 March 2018.

The latest recorded sale price of Red 5 Shares on ASX on 6 April 2018, being the latest practicable date before the Offer Date was A\$0.070.

The lowest recorded sale price of Red 5 Shares on ASX in the last three months before the date this Bidder's Statement was lodged with ASIC was A\$0.051 on 19 March 2018.

The highest recorded sale price of Red 5 Shares on ASX in the last three months before this Bidder's Statement was lodged with ASIC was A\$0.077 on 2 and 8 February 2018.

## 4.11 Rights of Red 5's Shares

The rights attaching to Red 5 shares are governed by the Constitution of Red 5, a copy of which may be inspected at Red 5's registered office being Level 2, 35 Ventnor Avenue, West Perth Western Australia 6005.

Set out in Section 10.1 of this document is a summary of the principal rights attaching to the Red 5 Shares offered as consideration.

## 4.12 Effect of the Offer on Red 5

- (a) The pro-forma balance sheet below is based on:
- (1) the audit reviewed balance sheet of Red 5 as at 31 December 2017;
  - (2) the audited balance sheet of Bullseye as at 30 June 2017; and
  - (3) the issue of approximately 57,110,760 Red 5 Shares pursuant to the Offer (assuming 100% acceptances).
- (b) The accounting policies used in preparing the pro-forma balance sheets are those policies used by Red 5 and Bullseye respectively as set out in their respective financial statements.
- (c) Both Red 5 and Bullseye are required to apply the Australian equivalents of International Financial Reporting Standards (**AIFRS**). The accounts of both companies and the pro-forma balance sheet have been prepared in accordance with IFRS equivalents applicable in the country of incorporation.

# Bidder's Statement

Note	Red 5 Limited	Bullseye Mining Limited	Acquisition Adjustments	Merged Group Estimated
	Audit reviewed Balance Sheet 31-Dec-17	Audited Balance Sheet 30-Jun-17		Pro-forma Balance Sheet
	\$	\$	\$	\$
<b><u>CURRENT ASSETS</u></b>				
Cash and cash equivalents	10,287,843	2,372,779	-	12,660,622
Short term deposit	-	-	-	-
Trade and other receivables	15,090,415	280,025	-	15,370,440
Inventory	16,259,791	-	-	16,259,791
<b>TOTAL CURRENT ASSETS</b>	<b>41,638,049</b>	<b>2,652,804</b>	<b>-</b>	<b>44,290,853</b>
<b><u>NON-CURRENT ASSETS</u></b>				
Receivables	3,630,145	-	-	3,630,145
Property plant & equipment	81,868,161	480,022	-	82,348,183
Investments	-	-	-	-
Mine, properties & development	35,759,918	-	-	35,759,918
Exploration and evaluation expenditure	-	16,108,286	(13,759,912)	2,348,374
<b>TOTAL NON-CURRENT ASSETS</b>	<b>121,258,224</b>	<b>16,588,308</b>	<b>(13,759,912)</b>	<b>124,086,620</b>
<b>TOTAL ASSETS</b>	<b>162,896,273</b>	<b>19,241,112</b>	<b>(13,759,912)</b>	<b>168,377,474</b>
<b><u>CURRENT LIABILITIES</u></b>				
Trade and other payables	25,914,670	1,505,601	316,678	27,736,950
Income tax payable	2,302,235	-	-	2,302,235
Provisions	1,116,104	202,927	-	1,319,031
Employee benefits	4,213,375	-	-	4,213,375
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,546,384</b>	<b>1,708,528</b>	<b>316,678</b>	<b>35,571,591</b>
<b><u>NON CURRENT LIABILITIES</u></b>				
Provisions	30,969,661	-	-	30,969,661
Employee benefits	349,465	-	-	349,465
Borrowings	-	60,473	-	60,473
Deferred tax liability	7,754,298	-	-	7,754,298
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>39,073,424</b>	<b>60,473</b>	<b>-</b>	<b>39,133,897</b>

# Bidder's Statement

TOTAL LIABILITIES		72,619,808	1,769,001	316,678	74,705,487
NET ASSETS		<b>90,276,465</b>	<b>17,472,111</b>	<b>(14,076,590)</b>	<b>93,671,986</b>
<b><u>EQUITY</u></b>					
Contributed equity	1, 2	260,285,824	30,254,763	(26,542,564)	263,998,023
Other equity		930,285	-	-	930,285
Reserves		21,499,495	3,344,511	(3,344,511)	21,499,495
Accumulated losses	4, 5	(188,715,361)	(16,127,163)	15,810,485	(189,032,039)
Non-controlling interest		(3,723,778)	-	-	(3,723,778)
TOTAL EQUITY		<b>90,276,465</b>	<b>17,472,111</b>	<b>(14,076,590)</b>	<b>93,671,986</b>

Notes:

1. Excludes issue of 8,000,000 performance rights and 20,000,000 options by Bullseye between 1 July 2017 and the date of this Bidder's Statement.
2. Acquisition entry assumes 57,110,760 shares are issued in Red 5 Limited (based on Bullseye's issued capital per a copy of the share register as at 9 March 2018) at a closing share price of 6.5 cents as at 28 March 2018.
3. Represents fair value adjustment to exploration assets based on the difference between the consideration paid and Bullseye net assets as at 30 June 2017.
4. Excludes income received and expenditure incurred in Red 5 during the period 1 January 2018 to 28 March 2018, and Bullseye during the period 1 July 2017 to 28 March 2018.
5. Includes estimated transaction costs such as legal, stamp duty and other related costs.

## 4.13 Effect on Red 5 Capital Structure

The total number of securities on issue in Red 5 at the date of this Bidder's Statement is as follows:

Class of Security	Number on issue
Fully Paid Ordinary Shares*	1,240,693,011
Performance Rights**	24,243,200

\* Refer Deferred Consideration and anti-dilution rights which may impact on share capital in Section 10.2 of this Bidder's Statement.

\*\* Details of the terms of Performance Rights are contained in Red 5's 2017 annual report and the Appendix 3Bs released to the ASX on 22 September 2017 and 23 March 2018. Red 5 intends to issue up to a further 4 million further Performance Rights for the 2018 financial year in accordance with the Red 5 Rights Plan to eligible senior personnel.

Assuming that Bidder acquires varying percentages of the shares in Bullseye, the following table shows the issued and fully paid share capital of Red 5 as at the date of this Bidder's Statement and as it will be immediately following completion of the Offer (assuming

## Bidder's Statement

that no Bullseye Options or Bullseye Performance Rights convert into Shares during the Offer Period):

Percentage of Offer Acceptances	Red 5 shares to be issued	Number on issue
100%	57,110,760	1,297,803,771
75%	42,833,070	1,283,526,081
50%	28,555,380	1,269,248,391
25%	14,277,690	1,254,970,701

#### 4.14 Major shareholders of Red 5 upon completion of the Offer

At the date of this Bidder's Statement, the Shareholders who have lodged a notice of substantial shareholding in the Company are as follows:

Name	Shares	% pre Offer	% post Offer (assuming 100% acceptances)
St Ives Gold Mining Company Pty Ltd	246,875,821	19.9%	19.0%
Franklin Resources, Inc	181,213,853	14.6%	13.9%
Saracen Mineral Holdings Limited	130,600,000	10.5%	10.0%
Ruffer LLP	104,000,000	8.4%	8.0%
Matchpoint Asia Fund Limited	63,830,167	5.1%	4.9%

Assuming Bidder acquires 100% of the Bullseye Shares and the maximum number of Red 5 Shares to be issued under the Offer are issued by Red 5, the largest current shareholder of Bullseye will be issued approximately 12,761,539 Red 5 Shares (being approximately 1% of Red 5) and therefore no Bullseye Shareholder will become a substantial shareholder in Red 5, and the substantial shareholding in Red 5 will be as shown above.

# Bidder's Statement

## 5. Information on Bullseye

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### 5.1 Disclaimer

The following information on Bullseye has been prepared by the Bidder using publicly available information and has not been independently verified. Accordingly, the Bidder does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Bullseye in this Bidder's Statement should not be considered comprehensive. Certain information and risks in relation to Bullseye may exist in relation to which the Bidder is unaware. This is particularly the case as Bullseye is an unlisted public company and is therefore subject to more limited continuous disclosure obligations than Red 5.

In preparing this section, the Bidder has chosen to include only information for which full disclosure of the certification has been made public. That means that the information included in this statement in respect of mineral resources for Bullseye is that referred to in Section 5.2 below, rather than any subsequent uncertified statements made by Bullseye on its website. Bullseye is free to provide more up to date resource and reserve estimates in its Target's Statement.

Details on Bullseye's tenements set out in the tables below were sourced from the DMIRS' TENGRAPH and eMiTs websites, including expenditure information. The information is made available by DMIRS in good faith and derived from sources it believes to be reliable and accurate at the time of release. However, you should not rely solely on this information when making a commercial decision.

### 5.2 Overview of Bullseye

Bullseye is an unlisted Australian based company based in Perth, Western Australia. It was formed in 2006 and its web-site provides that it has a current JORC Gold Resource inventory, with aggressive plans in place to expand the company's total JORC Gold Resource inventory, whilst also significantly increasing the company's JORC Gold Reserves. There is no competent person sign off in relation to the Resources stated on the Bullseye website.

Bullseye's Western Australian based gold portfolio is 100% company owned and covers a combined area of over 700km<sup>2</sup> (including six granted mining leases/licences).

#### **Bullseye Tenement Holdings by Project Area Operations**

Bullseye owns an extensive tenement position, which tenement holding would have a substantial annual holding cost. At 30 June 2017, Bullseye reported minimum expenditure commitments (in aggregate over a period of approximately 5 years) not recognised in the financial statements of A\$17,497,433, up substantially from 2016. In addition to its minimum exploration expenditure commitments, Bullseye is responsible for the rehabilitation of M77/551, with the cost estimated by the Mining Rehabilitation Fund of A\$1,889,600. There is no mention of this obligation in the financial statements of Bullseye for the year ended 30 June 2017.

	<b>2017</b>	<b>2016</b>
<b>Consolidated Minimum Exploration Commitments</b>	<b>\$</b>	<b>\$</b>
Within one year	2,491,385	1,480,611
After one year but no more than five years	5,823,025	3,396,306
More than five years	9,183,023	2,402,321
<b>Total</b>	<b>17,497,433</b>	<b>7,279,238</b>

Source: Bullseye 2017 Annual Report

# Bidder's Statement

## Laverton Gold Project

The Laverton Gold Project is located 76Km north of Darlot on the Wonganoo Road.

Tenement ID	Grant Date	End Date	Area (km <sup>2</sup> )	DMIRS Minimum Expenditure at 28 March 2018 A\$
E 37/801	16-Jun-05	15-Jun-18	9.03	50,000
E 37/901-I	10-Apr-08	9-Apr-18	24.33	70,000
E 37/983	14-Apr-09	13-Apr-19	42.53	70,000
E 37/1007	13-Nov-09	12-Nov-19	3.04	20,000
E 37/1017-I	12-Apr-10	11-Apr-20	45.63	70,000
E 37/1018	1-Oct-10	30-Sep-20	51.72	70,000
E 37/1051-I	27-Aug-10	26-Aug-20	15.21	50,000
E 37/1052-I	27-Aug-10	26-Aug-20	6.08	50,000
E 37/1067	4-Feb-11	3-Feb-21	3.04	20,000
E 37/1121	23-Apr-12	22-Apr-22	27.38	50,000
E 37/1130	30-Dec-13	29-Dec-18	57.68	30,000
E 37/1198	17-Mar-15	16-Mar-20	3.04	10,000
E 37/1208	29-May-15	28-May-20	6.08	15,000
E 37/1229	19-Jan-16	18-Jan-21	30.40	20,000
E 37/1243-I	23-Mar-16	22-Mar-21	18.22	20,000
E 37/1249-I	5-Jul-16	4-Jul-21	21.28	20,000
E 37/1262	8-Nov-16	7-Nov-21	15.22	15,000
E 37/1263	8-Nov-16	7-Nov-21	6.08	15,000
E 37/1264	8-Nov-16	7-Nov-21	3.04	10,000
E 37/1265	8-Nov-16	7-Nov-21	12.17	15,000
E 37/1290-I	11-Jul-17	10-Jul-22	12.16	15,000
E 37/1291-I	Pending		15.20	
E 37/1301	11-Jul-17	10-Jul-22	45.58	20,000
E 53/1352-I	21-Apr-08	20-Apr-18	30.54	70,000
E 53/1377-I	11-Sep-08	10-Sep-22	15.25	50,000
E 53/1380-I	6-Jan-09	5-Jan-19	39.60	70,000
E 53/1407-I	19-Feb-09	18-Feb-19	24.42	70,000
E 53/1611	22-Jun-12	21-Jun-22	48.78	50,000
E 53/1880-I	23-Sep-16	22-Sep-21	12.19	15,000
E 53/1918-I	1-May-17	30-Apr-22	21.33	20,000
E 53/1944	Pending		51.83	
L 37/144	4-Aug-06	3-Aug-27	0.33	
L 37/145	4-Aug-06	3-Aug-27	0.56	
M 37/108	15-Jun-87	8-Jul-29	0.11	10,000
M 37/1167	9-Jun-05	13-Jun-26	0.92	10,300
M 37/1309	31-Jan-17	30-Jan-38	33.69	365,300
M 37/519	21-Aug-95	21-Aug-37	1.85	18,600
P 37/8248	16-Dec-13	15-Dec-17	0.08	2,000
<b>TOTALS</b>			<b>755.64</b>	<b>1,476,200</b>

# Bidder's Statement

The most recent certified mineral resource reported in the public domain in respect of the Laverton Gold Project's core tenements was in the independent geologists' report contained in the Melrose Gold Mines Limited prospectus dated 31 March 2011. The report states that it was prepared in accordance with the JORC 2004 guidelines.

Classification	000 tonnes	Au g/t	000 ounces
<b>Boundary Resource (above 0.5g/t)</b>			
Measured	652	1.73	36
Indicated	2,663	1.73	148
<b>Total Measured &amp; Indicated</b>	<b>3,315</b>	<b>1.73</b>	<b>184</b>
Inferred	703	1.36	31
<b>Bungarra</b>			
Inferred	2,140	1.56	107
<b>Stirling</b>			
Inferred	404	1.31	17
<b>Total Inferred</b>	<b>3,247</b>	<b>1.48</b>	<b>155</b>
<b>Total All Categories</b>	<b>6,562</b>	<b>1.61</b>	<b>339</b>

Source: Melrose Gold Mines Limited Prospectus Independent Geologist's Report 31 March 2011 pp10-14

## Southern Cross Project

Bullseye holds eight centralised and complimentary gold projects (including three granted mining licences), all located along the Southern Cross Greenstone Belt, in Western Australia – collectively called the 'Southern Cross Gold Project'.

Tenement ID	Grant Date	End Date	Area (km <sup>2</sup> )	DMIRS Minimum Expenditure at 28 March 2018 A\$
E 77/2069	13-Feb-13	12-Feb-18	11.15	30,000
E 77/2149	11-Mar-14	10-Mar-19	13.14	30,000
E 77/2178	4-Feb-14	3-Feb-19	43.44	30,000
E 77/2258-I	4-May-15	3-May-20	24.00	20,000
E 77/2340-I	8-Feb-16	7-Feb-21	29.77	20,000
E 77/2341-I	20-Jul-16	19-Jul-21	10.77	15,000
E 77/2342-I	8-Feb-16	7-Feb-21	2.93	10,000
E 77/2343-I	8-Feb-16	7-Feb-21	4.71	15,000
E 77/2351-I	29-Aug-16	28-Aug-21	11.73	15,000
E 77/2362-I	13-Oct-16	12-Oct-21	13.47	20,000
M 77/551	5-May-93	10-May-35	9.73	97,300
M 77/734	25-Feb-00	1-Mar-21	0.09	10,000
M 77/834	30-Aug-07	4-Sep-28	5.71	59,100
P 77/4015	14-Oct-11	13-Oct-19	1.65	6,600
P 77/4034	14-Oct-11	13-Oct-19	1.91	8,000
P 77/4128	5-Oct-12	4-Oct-20	1.82	7,920
P 77/4129	5-Oct-12	4-Oct-20	0.79	3,800
P 77/4349	31-Jan-17	30-Jan-21	1.34	5,400
<b>TOTALS</b>			<b>188.14</b>	<b>403,120</b>

## Aurora Gold Project

Bullseye's Aurora Gold Project is located on the Marda Greenstone Belt approximately 90km north east of Southern Cross town.



## Bidder's Statement

Tenement ID	Grant Date	End Date	Area (km <sup>2</sup> )	DMIRS Minimum Expenditure at 28 March 2018 A\$
E 77/2087	28-May-15	27-May-20	207.30	70,000
E 77/2118	9-Sep-13	8-Sep-18	91.78	46,500
E 77/2119	9-Sep-13	8-Sep-18	2.96	10,000
E 77/2120	9-Sep-13	8-Sep-18	2.50	10,000
E 77/2254-I	4-May-15	3-May-20	23.43	20,000
<b>TOTALS</b>			<b>327.97</b>	<b>156,500</b>

### Johnston Range Iron and Gold Project

Bullseye's Johnston Range Iron and Gold Project are located along the Johnston Range, in the Marda Greenstone Belt and is considered by Bullseye to be prospective for both iron and gold.

Tenement ID	Grant Date	End Date	Area (km <sup>2</sup> )	DMIRS Minimum Expenditure at 28 March 2018 A\$
E 77/2355	13-Oct-16	12-Oct-21	208.75	70,000
<b>TOTALS</b>			<b>208.75</b>	<b>70,000</b>

### Leonora Nickel Project

Bullseye's Leonora Nickel Project is located on the Wiluna-Agnew Greenstone Belt, approximately 50km north west of the mining town of Leonora. The Leonora Nickel Project has an existing granted mining lease/licence and is in close proximity to a number of other nickel deposits.

Tenement ID	Grant Date	End Date	Area (km <sup>2</sup> )	DMIRS Minimum Expenditure at 28 March 2018 A\$
M 37/349	24-Jan-92	23-Jan-34	1.19	11,900
<b>TOTALS</b>			<b>1.19</b>	<b>11,900</b>

### Boorabbin Project

Bullseye's Boorabbin Project is a large exploration tenement holding, located approximately 60km east of Southern Cross town and offers identified exploration targets for potential new discoveries of Greenstone, gold, copper, nickel, iron and rare earths.

Tenement ID	Grant Date	End Date	Area (km <sup>2</sup> )	DMIRS Minimum Expenditure at 28 March 2018 A\$
E 77/1367-I	05-Aug-08	04-Aug-18	35.27	70,000
<b>TOTALS</b>			<b>35.27</b>	<b>70,000</b>

### Newfield Project and Mt Clara Copper Project

Bullseye also has interests in the Newfield Project, which comprises of three continuous adjoining tenements situated on the Northern part of the Southern Cross Greenstone Belt. Newfield is located approximately 70km North West of the historical gold mining town of Bullfinch and approximately 400km north east of Perth.

# Bidder's Statement

Bullseye's Mt Clara Copper Project is understood to be one tenement located approximately 60km east of Southern Cross town, approximately 450km East of Perth and lies within the central part of the Coolgardie Southern Cross granite belt.

## 5.3 Bullseye Directors

### Mr Peter J Burns (Non-Executive Chairman)

Mr Burns is an innovative entrepreneur and one of the founders of Bullseye in 2006. He is a Fellow of the Chartered Management Institute (London) and brings a strong network of international contacts and business development experience to the company. Mr Burns commenced his career working in construction and civil engineering, and then owned and operated his own marketing company for 14 years. Since 1988, he has developed a successful career in real estate sales and property development, whilst also progressing the development of Bullseye.

### Ms Dariena Mullan (Executive Director)

Ms Mullan has been a geologist for the British Geological Survey, working on hard rock field mapping and soil geochemistry. Ms Mullan spent five years with an Australian Stock Exchange listed Top 200 company where she worked in mine and project geology.

### Mr Peter G Burns (Executive Director)

Mr Burns holds a Bachelor of Business degree with a double major in management and marketing and has over 15 years professional experience in the areas of business development, marketing and management in various roles, held at both state and national levels. Mr Burns has seven years public company experience, fulfilling the roles of Marketing Manager, General Manager and Executive Director of an ASX listed company. He is a member of the Australian Marketing and Management Institutes and is also a director of a number of private companies.

### Mr Wu Qiyuan (Non-Executive Director)

Mr Qiyuan is well recognised and respected as the President of Narada Hotel Group. Possessing strong leadership and international management skills, he leads his extensive hotel group, being one of the top ten hotel groups in China and among the top 100 in the world. With his extensive industry knowledge and business experience, he has been awarded as one of the "Top 10 famous figures in the Chinese hotel industry" and one of the "Top 10 distinguished brand creators in Asia". Mr Qiyuan is Vice Chairman of the Tourism Association of Zhejiang Province, China and has contributed significantly to the development of Chinese tourism and the hotel industry. Mr Qiyuan is passionate to diversify his business interests to include mining and possesses a strong network of national and international contacts.

## 5.4 Bullseye securities on issue

Based on a copy of the share register of Bullseye dated 9 March 2018, the total number of securities in each class in Bullseye is as follows:

Class of Security	Number on issue
Ordinary	285,553,798
Options	20,000,000
Performance Rights*	8,000,000

\* Bidder has not sighted the Bullseye Performance Rights Plan in full but has been advised that the terms were summarised and approved in a Bullseye Notice of Meeting dated 23 September 2016.

## Bidder's Statement

The table below summarises the information that Bidder was able to obtain in relation to Bullseye Options apparently issued on 10 December 2017 (noting that if a holder of Bullseye Options exercises those options and is issued Bullseye Shares during the Offer Period, the holder can accept the Offer for the Bullseye Shares received from the exercise of those options. The same applies for any Bullseye Shares issued upon valid vesting of Bullseye Performance Rights).

Options	Exercise Price	Expiry Date
10,000,000	\$0.30	10 December 2020
6,000,000	\$0.40	10 December 2020
4,000,000	\$0.50	10 December 2020

### 5.5 Top 20 shareholders of Bullseye

At the date of this Bidder's Statement, based on a register of Bullseye Shareholders dated 9 March 2018, the Top 20 shareholders in Bullseye are as follows:

Name	Shares	%
Hong Kong Xinhe International Investment Company Limited	63,807,693	22.35%
Fountain Enterprise Int'L Co. Limited	15,216,817	5.33%
Mullan, Desmond	13,347,900	4.67%
Qiyuan, Wu	11,560,000	4.05%
Clinton, John Oakley	7,835,333	2.74%
Fort Trustees Limited	7,588,889	2.66%
Christopher Andrew Cygulis And Jessica Ann Cygulis	6,500,000	2.28%
Wildhorse Investments Pty Ltd	6,250,000	2.19%
Nesbitt, William Andrew	6,031,250	2.11%
Ma, Xuefeng	6,000,000	2.10%
Doowli Enterprises Pty Ltd	5,520,131	1.93%
Chan, Chik Fatt	5,120,000	1.79%
Finetide Holdings Pty Ltd	4,750,000	1.66%
Teo, Han Yong Stanley	4,714,496	1.65%
Burns, Peter Joseph	4,710,000	1.65%
Greenridge Holdings Pty Ltd	4,533,278	1.59%
Read And Digest Pty Ltd	4,317,834	1.51%
R-East International Limited	4,000,000	1.40%
Zhao, Ping	4,000,000	1.40%
Beachton Holdings Pty Ltd	3,800,000	1.33%
Goldsborough Mining Investments Pty Ltd	3,534,445	1.24%

# Bidder's Statement

## 5.6 Bullseye financial information

The below Consolidated Income Statement and Consolidated Balance Sheet for Bullseye was extracted from the Bullseye 2017 Annual Report (and accompanying notes can be viewed in that report).

### Consolidated Income Statement - For the financial year ended 30/06/2017

	Notes	30 June 2017 \$
<b>Continuing Operations</b>		
Revenue from continuing operations	3	52,346
Accounting and audit fees		(44,066)
Consultants fees		(553,651)
Employee benefits expenses	5	(1,357,129)
Depreciation and amortisation expenses	4	(76,982)
Impairment of exploration and evaluation expenses		(557,504)
Other expenses	6	(461,860)
<b>Loss before income tax from continuing operations</b>		<u>(2,998,846)</u>
Income tax expense		-
<b>Loss for the year</b>	7	<u>(2,998,846)</u>
Other comprehensive income		-
<b>Total comprehensive (loss) for the year</b>		<u>(2,998,846)</u>
<b>Attributable to the owners of Bullseye Mining Ltd</b>		(2,998,846)
<b>Basic loss per share (cents per share)</b>	27	(1.158)
Diluted loss per share (cents per share)		

# Bidder's Statement

## Consolidated Balance Sheet - For the financial year ended 30/06/2017

	<b>30 June 2017</b>
	<b>\$</b>
<b>Current Assets</b>	
Cash and cash equivalents	2,372,779
Trade and other receivables	267,569
Other current assets	12,456
	<hr/>
<b>Total Current Assets</b>	<b>2,652,804</b>
	<hr/>
<b>Non-Current Assets</b>	
Property, plant and equipment	480,022
Exploration and evaluation expenditure	16,108,286
	<hr/>
<b>Total Non-Current Assets</b>	<b>16,588,308</b>
	<hr/>
<b>Total Assets</b>	<b>19,241,112</b>
	<hr/>
<b>Current Liabilities</b>	
Trade and other payables	1,449,519
Borrowings	15,832
Provisions	202,927
Other current liabilities	40,250
	<hr/>
<b>Total Current Liabilities</b>	<b>1,708,528</b>
	<hr/>
<b>Non-Current Liabilities</b>	
Borrowings	60,473
	<hr/>
<b>Total Non-Current Liabilities</b>	<b>60,473</b>
	<hr/>
<b>Total Liabilities</b>	<b>1,769,001</b>
	<hr/>
<b>Net Assets</b>	<b>17,472,111</b>
	<hr/>
<b>Equity</b>	
Issued capital	30,254,763
Reserves	3,344,511
Accumulated losses	16,127,163
	<hr/>
<b>Total Equity</b>	<b>17,472,111</b>
	<hr/>

# Bidder's Statement

## 5.7 Relevant interests of Bidder and Red 5 in Bullseye Shares

As at the date of this Bidder's Statement and the date immediately before the first Offer was sent, neither the Bidder nor Red 5 holds a relevant interest in any Bullseye Shares.

## 5.8 Voting power in Bullseye

As at the date of this Bidder's Statement and as at the date immediately before the first Offer was sent, neither the Bidder nor Red 5 holds any voting power in Bullseye.

## 5.9 Acquisitions in Bullseye Shares by Bidder

During the period commencing four months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of the Offer, neither the Bidder nor Red 5 nor any of their associates provided, or agreed to provide consideration for a Bullseye Share.

## 5.10 Important note on sources of information

Bidder has relied on the information in the Bullseye 2017 Annual Report to prepare the financial information for Bullseye contained in this Bidder's Statement.

Bidder has also relied on information on Bullseye's web-site ([www.bullseyemining.com.au](http://www.bullseyemining.com.au)) and in other public documents lodged with ASIC. Refer also to Section 5.1 above.

Bidder does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

## 5.11 Further information on Bullseye

Further information about Bullseye can be found on Bullseye's website at <http://www.bullseyemining.com.au>.

# Bidder's Statement

## 6. Risk factors

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### 6.1 Introduction

In deciding whether or not to accept the Offer, you should read this entire Bidder's Statement carefully. You should also carefully consider the risk factors outlined in this section 6. The future performance of Red 5 and the future investment performance of its securities may be influenced by a wide range of factors, many of which are outside the control of Red 5. The future value of Red 5 and the prices at which its securities trade on the ASX may be influenced by some or all of these factors.

The activities of the Company, as in any business, are subject to risks which may impact on its future performance. The Company has actions, systems and safeguards for known risks; however, some are outside its control.

Prior to making any decision to accept the Offer, Bullseye Shareholders should carefully consider the risk factors outlines in this section 6 which the Company has previously disclosed (many of which are listed below), as well as those risks of which the Bullseye Shareholder is aware, or should be aware of through their own knowledge and enquiries.

There are a number of risks, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of the Company and the value of its shares. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. However, as noted above and previously, some of the risks are outside the control of the Company and are not capable of mitigation. There are also general risks associated with any investment in shares.

The risks listed below (and previously disclosed by the Company) should not be taken as exhaustive of the risks faced by the Company. The Company, however, considers that these risks represent key risks to an investment in the Company. Additional risks and uncertainties that the Company is unaware of, or that the Company considers to be immaterial, may also become key risks that can adversely affect the Company's operational and financial performance in the future. Factors other than those listed may in the future materially affect the financial performance of the Company and the value of Red 5 shares. These key investment risks are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor. Before investing, or increasing any investment in the Company, participants should consider whether this investment is suitable for them having regard to the risk factors set out below, publicly available information, your investment objectives, and personal financial and other circumstances. Bullseye Shareholders should read this Offer Document in its entirety and consult their stockbroker, accountant or other professional advisor without delay before deciding whether to accept the Offer.

### 6.2 Risk Factors that pertain to the general economy and Stock Market

The Red 5 Shares offered to Bullseye Shareholders pursuant to the Offer are speculative because of the nature of the business of Red 5.

Further, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect Red 5's Shares and particularly the trading price of the Red 5 Shares on the ASX.

The Red 5 Shares which form the consideration under the Offer do not carry any guarantee as to market value. Further, any Red 5 Shares which form part of the consideration under the Offer do not carry any guarantee as to payment of dividends or the return of capital. As the holding of Red 5 Shares involves certain risks, persons in doubt as to the course they should

# Bidder's Statement

follow should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

Bidder and Red 5 emphasise that the risk factors set out in this section may not be the only risk factors that could affect the operations of Red 5, its financial position and the value of its securities.

## 6.3 Risks related to Red 5 and its operations

Exploration and development of minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

### **Suspension of mining at the Siana Gold Project**

Mining and processing operations at the Siana Gold Project in the Philippines are currently suspended. The recommencement of operations in the future may be affected by a range of factors including the failure to obtain all government approvals (including to allow open pit mining, to re-commence mining and milling operations or environmental approvals for construction of additional tailing storage facilities), projected grades in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical issues which may affect extraction rates, recoveries and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the cost of labour consumables, spare parts, plant and equipment and rebel and extremist activities in the region.

### **Share price fluctuations**

The value of the Company's shares will be determined by the stock market and will be subject to varied and often unpredictable influences in the share market beyond the Company's control. These factors include, but are not limited to, the demand for, and availability of the Company's shares, movements in interest rates, exchange rates, and rates of inflation, fluctuations in the Australian and international stocks markets, changes in fiscal, monetary and regulatory policies, and general domestic and international and economic activity. Depending on general market conditions and Red 5's share price, Red 5 may not be able to attract new investors or raise capital as and when required.

### **Gold price**

The success of Red 5's operations will be primarily dependent on the price of gold bullion as substantially all of Red 5's potential revenues will be derived from the sale of gold. Gold prices are volatile and may fluctuate as a result of numerous factors, which are beyond the control of Red 5.

Such factors include, but are not limited to:

- (a) speculative positions taken by investors or traders in gold;
- (b) changes in global demand for gold (as an investment and/or for other uses);
- (c) global and regional recessions or reduced economic activity and/or inflationary expectations;
- (d) financial market expectations regarding the rate of inflation;
- (e) the strength of the US dollar (the currency in which gold trades internationally);
- (f) gold hedging and de-hedging by gold producers;



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- (g) decisions made by central banks and multilateral organisations to purchase, hold or sell portions of their gold reserves; and
- (h) changes in production costs in major gold producing regions.

Historically, the price of gold has fluctuated widely and is currently trading significantly above long-term historical average prices. The possible adverse consequences of future price declines could include the following:

- (a) Red 5's operations may become uneconomic because the projected future revenues no longer justify the costs of operation or development;
- (b) Red 5 may be unable to raise finance to construct or complete required infrastructure on acceptable terms, or at all;
- (c) Red 5's revenues may decline to a point at which its operations are uneconomic, as a result of which Red 5 may cease production;
- (d) the value of Red 5's assets may decline, causing it to write down asset values and thereby incur losses;
- (e) Red 5 may be required to restate its gold reserves and resources; and
- (f) Red 5's operations may experience delays while assessments are made of the economics of the Siana Gold Project and the Darlot mine and KotH project under different gold price assumptions.

### **Exchange Rates**

Revenue from gold sales at the Siana Gold Project (when operations recommence) will be received in US dollars and from the Darlot mine and KotH project in Australian dollars, while operating expenses will be primarily incurred in Australian dollars and Philippine Pesos. Because Red 5's financial statements are reported in Australian dollars, appreciation of the Australian dollar against the US dollar, without offsetting improvement in US dollar denominated gold prices, could adversely affect Red 5's reported profitability and financial position.

In addition, certain capital expenditure will be made in US dollars or Philippine Pesos and certain consumable items required for operations will be priced in US dollars or Philippine Pesos. These costs may increase in Australian dollar terms if there is a depreciation of the Australian dollar against the US dollar or Philippine Peso, which could adversely affect Red 5's profitability, results of operations and financial position.

### **Adequacy of funding and additional requirements for capital**

Red 5's capital requirements depend on numerous factors. Depending on Red 5's ability to generate revenue from its operations, Red 5 may require further financing.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that the Company will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to the Company and this may have a material adverse effect on the Company. If Red 5 is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. Any ongoing funding restrictions may also impact on the Company's ability to continue as a going concern.

The Red 5 Group's business, results of operations and financial condition may vary with fluctuations in production and capital costs. No assurance can be given that the Group will achieve its production and costs estimates. These estimates are subject to a number of

# Bidder's Statement

factors, many of which cannot be foreseen and are beyond the Group's control. The Group's operations are subject to operating risks that could result in insufficient production and increased costs and, as a result, one or more projects becoming unprofitable or uneconomic. The Group's main production expenses are expected to be ore and waste movement and associated mining costs, and increase waste movement due to geotechnical issues, pit dewatering, fleet maintenance, diesel fuel and materials (including mining consumables) and its main capital costs will be the development capital expenditure required for the Siana mine, including construction of a new tailings storage facility, other tailings deposition solutions and capital development for an underground operation. Changes in the costs of the Group's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in gold resource and reserve estimates. Many of these factors may be beyond the Group's control. In addition, some of the capital cost estimates are based on conceptual engineering design and there may be a material changes to the estimates as works progress.

The Darlot mine and KotH project have in recent times been high cost operations and the Company believes that opportunities exist for these operating costs to be reduced. Operating cash flow will be dependent on the level of operating costs reductions achieved. Operating risks are ever present in mining, including variation in mined grades, technical difficulties in extracting the ore, potential geotechnical issues which may prevent ready access to ore and/or dilute the mined grade, plant and equipment breakdowns, unanticipated metallurgical problems, adverse weather conditions, industrial and environmental accidents, and unexpected shortages and/or increases in costs of consumables, spare parts, plant and equipment.

## **Taxation**

Changes to corporate income tax, import duties, property tax, excise tax, withholding tax or any other applicable taxation legislation or policies in Australia, Philippines or other jurisdictions where the Company operates may adversely affect the Company's financial profitability, net assets and cash flow and the returns to investors. The countries in which Red 5 operates may impose additional taxes on Red 5. The recoupment of taxation losses accrued by Red 5 from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in relevant jurisdictions. There is no guarantee that Red 5 will satisfy all these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of Red 5.

## **Dependence on key personnel**

Red 5's success depends on the continued services of its key personnel, including the continued support of key personnel at the Darlot Gold operations. Due to management's experience and the important role they have taken in developing Red 5's mining, business and financial plans, Red 5 could be adversely affected if any of them ceased to actively participate in the management of Red 5 or ceased employment with Red 5 entirely. As there may be a limited number of persons with the requisite experience and skills to serve in Red 5's senior management positions if existing management leave Red 5, Red 5 may not be able to locate or employ qualified executives on acceptable terms. If Red 5 cannot attract, train and retain qualified managers, it could adversely affect the Company's current exploration, development and production operations and its future growth plans. To manage this risk Red 5 has secured a number of key personnel by service and consultancy contracts.

## **Management actions**

The directors of Red 5 will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of Red 5 upon successful completion of the Offer, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of Red 5 and Red 5's securities.

# Bidder's Statement

## Conditions and renewal of licences

The permits and agreements on the Siana Gold Project and other Philippine projects are governed by Philippine legislation and are evidenced by the granting of permits and agreements and the extension of such permits and agreements. Each permit, agreement or extension is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

The Company's Philippine affiliated company will be required to maintain and obtain current and additional permits for additional tailings storage facilities and will be required to obtain modifications/amendments to existing permits. There is no guarantee that the permit variations or extensions will be granted. There is a current moratorium imposed by the Philippines Department of Environment and Natural Resources on open pit mining for new mining applications and hence there are risks associated with that the Siana expansion and future operation at the Mapawa Project.

The permits and agreements on the Darlot and KotH projects are governed by Australian legislation and are evidenced by the granting of permits and agreements and the extension of such permits and agreements. Each permit, agreement or extension is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. There is a risk that tenements, environmental consents and any other land use approvals may not be granted, obtained or renewed, may be granted, obtained or renewed on terms that are not satisfactory to the Company, or may be obtained granted or renewed but not within the timeframes anticipated by the Company. This could have a material adverse effect on the Company's operations and financial performance.

## Native Title Risk

Access to land for exploration purposes can be adversely affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the *Native Title Act 1993* (Cth) (**NTA**) (or similar legislation in the jurisdiction where the Company operates). The effect of the NTA is that existing and new tenements held by Red 5 may be affected by native title claims and procedures. There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by Red 5 which may affect the operation of Red 5's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, Red 5 may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The involvement in the administration and determination of native title issues may have a material adverse impact on the position of Red 5 in terms of cash flows, financial performance, business development, ability to pay dividends and the share price.

## Production and capital costs

The Red 5 Group's business, results of operations and financial condition may vary with fluctuations in production and capital costs. No assurance can be given that the Group will achieve its production and costs estimates. These estimates are subject to a number of factors, many of which cannot be foreseen and are beyond the Group's control. The Group's operations are subject to operating risks that could result in insufficient production and increased costs and, as a result, one or more projects becoming unprofitable or uneconomic. The Group's main production expenses are expected to be ore and waste movement and associated mining costs, and increase waste movement due to geotechnical issues, pit dewatering, fleet maintenance, diesel fuel and materials (including mining consumables) and its main capital costs will be the development capital expenditure required for the Siana mine, including construction of a new tailings storage facility, other tailings deposition solutions and capital development for an underground operation. Changes in the costs of the Group's

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mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in gold resource and reserve estimates. Many of these factors may be beyond the Group's control. In addition, some of the capital cost estimates are based on conceptual engineering design and there may be a material changes to the estimates as works progress.

The Darlot mine and Koth project have in recent times been high cost operations and the Company believes that opportunities exist for these operating costs to be reduced. Operating cash flow will be dependent on the level of operating costs reductions achieved. Operating risks are ever present in mining, including variation in mined grades, technical difficulties in extracting the ore, potential geotechnical issues which may prevent ready access to ore and/or dilute the mined grade, plant and equipment breakdowns, unanticipated metallurgical problems, adverse weather conditions, industrial and environmental accidents, and unexpected shortages and/or increases in costs of consumables, spare parts, plant and equipment.

## **Mineral resource and ore reserve estimates**

Mineral resource and ore reserve estimates are a subjective process based on drilling results, past experience with mining properties and modifying factors, knowledge, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore reserve estimation is an interpretive process based on a limited amount of geological data pursuant to JORC and applicable regimes (foreign estimates in the case of Darlot Gold Operations) and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining and processing takes place and will almost always differ from the assumptions used to develop mineral resources. Further, ore reserves are valued based on future costs and future prices and consequently, the actual mineral resources and ore reserves may differ from those estimated, which may result in either a positive or negative effect on operations.

Should Red 5's projects encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, mineral resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect Red 5's operations.

## **Operations generally**

Gold mining and processing ore into gold are susceptible to numerous events that may have an act on Red 5's ability to extract ore and produce gold.

The Company's ability to generate sufficient annual production of gold in the medium to long term will be partly dependent on the success of its exploration programs. Exploration activities require sustained and substantial expenditure.

Other events which may have an adverse impact on mining operations include (but are not limited to) inclement weather conditions (including cyclones and flooding), seismic activity and other natural disasters; unexpected maintenance or technical problems, failure of key equipment, electrical power interruptions, environmental hazards (including discharge of metals, pollutants or hazardous chemicals), safety related stoppages, ingresses of water, failure of mining pit slopes, dams and waste stockpiles and interruptions due to transportation delays. The island of Mindanao in the Philippines where the Siana mine is located experiences heavy rainfalls which have previously disrupted operations and resulted in significant pit dewatering requirements.

The occurrence of any of these events may result in higher operating costs, increased maintenance costs or ongoing unplanned capital expenditure and an inability to meet gold

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production targets, which would have a material adverse impact on operational results and financial position.

## **Environmental regulations and risks**

National and local environmental laws and regulations in jurisdictions in which Red 5 operates affect nearly all of the operations of the Red 5 Group. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. The Group will minimise the potential impact of these laws and regulations by taking steps to ensure compliance with environmental regulations and, where possible, by carrying appropriate insurance.

Significant liability could be imposed on Red 5 for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties acquired by Red 5, including the Darlot mine and the KotH project, or non-compliance with environmental laws or regulations. This could have an adverse effect on the Company's financial and operational performance.

## **Regulations**

The Company's operations are subject to government laws, regulations and policies governing (among other things) taxation, exploration, production, exports, labour standards, occupational health and safety and environmental protection. Any future changes in these laws, regulations or policies may adversely affect the Company's operations.

As an Australian domiciled company listed on the ASX, changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia, may have an adverse effect on operations and ultimately the financial performance of Red 5 and the market price of its securities.

## **Occupational health and safety**

Red 5's operations are subject to a variety of industry specific health and safety laws and regulations which are formulated to improve and to protect the safety and health of employees. Mining operations are inherently hazardous. While the Group seeks to implement best practice procedures in occupational health and safety, the occurrence of any industrial accidents, workplace injuries or fatalities may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

## **Tailings storage facility**

The storage of tailings at Red 5's tailings storage facility(s) may present a risk to the environment. Red 5's Philippine affiliated company made application in July 2016 for an amendment to the Environmental Compliance Certificate (**ECC**) for the Siana Gold Project to enable construction of additional tailings storage facilities for the open pit mining operations. The application is still pending and there can be no certainty that the approval of the requested amendments will be received or within time frames which continue to impact on the economic viability of the operations. Continued delays also impact on the ongoing running costs to maintain the Siana Gold Project which also affects ongoing working capital funding requirements.

## **Consents from surface land holders**

The Philippines Mining Act sets out the requirement for entities wishing to access mineral permits for the purpose of exploration, development and utilisation to receive the consent of the surface owners or occupants of the land in writing prior to such access and to pay them an appropriate amount of compensation.

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The Group has identified an area which is ideal for the staged development of a new tailings facility. Approximately 65 hectares of land area is required for the first stage. All affected land owners have been identified and the Group has purchased the majority of the lands while a few are in final negotiation stage with land owners.

Although seeking such consent is a common task for mining companies in the Philippines, there is no guarantee that it will be a fast or cost effective process.

## **Availability and cost of mining equipment and skilled labour**

Increases in worldwide mining activities may create cost pressures for services and skilled personnel in the gold industry, which may affect Red 5's ability to purchase or hire equipment, supplies and services and to recruit skilled personnel. In addition, the availability of equipment and services is affected by the level and location of mining activity around the world. An increase in activity in the Philippines or Western Australia or in other areas in Asia and Australia may reduce the availability of equipment and services to Red 5 and its affiliated companies.

In addition, due to ongoing demand for most mineral commodities, there is significant demand for many mining and processing inputs, which has resulted in shortages, as well as longer lead times for delivery and increases in pricing, of mining equipment and metallurgical plant, strategic spares and critical consumables. The reduced availability of equipment, services and skilled personnel may delay Red 5's development and production activities, which may adversely affect Red 5's operations and increase costs. A shortage of skilled labour in the Philippines, Western Australia and the Asia Pacific regional mining industry generally could result in Red 5 having insufficient skilled and experienced employees or contractors to operate its business, which could adversely affect Red 5's business, results of operations and financial condition.

## **Sovereign and political risks associated with operating in the Philippines**

The Siana Gold Project is located in the Philippines and the Group is therefore subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

Terrorist attacks against mining companies have occurred in the Philippines including on the island of Mindanao, where the Siana Gold Project is located. The Group has not experienced any attacks to its operations since inception, however there is no guarantee that there will not be any terrorist activities against the Group in the future. The Group maintains good relations with the local community and a large proportion of the workforce is sourced from the neighbouring villages, which assists in reducing the risk of any terrorist activity. The Philippines President declared Martial Law on in the island of Mindanao in May 2017 to enhance security in the area. The declaration of Martial Law has had no direct adverse effect on the Siana operations.

## **Philippines Government Mining Policy, Executive Order 079**

In January 2012 the Philippines Government issued a new mining policy termed Executive Order 079 (**E079**). The Implementing Rules and Regulations (**IRR**) of the E079 have been issued. However there is a risk that any further changes under the E079 policy may adversely affect the Group's operations in the Philippines.

## **Philippine foreign acquisition laws**

A foreign entity may only hold up to a maximum of 40% of the voting rights of any company holding a Philippine mineral production sharing agreement (**MPSA**). The restriction on foreign ownership relates to the ownership of an MPSA and its holder, the operation of an MPSA, the total physical area that may be held by a foreign held entity and the role that a foreign person may have in an entity that has more than 40% of an MPSA or MPSA holder.

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Red 5 has considered this in structuring the holding of its assets and has set up a structure of affiliated companies which comply with the current Philippine foreign ownership laws. However, there is a risk that the current or future structure of Red 5's holdings may be subject to alteration due to changes to Philippine foreign ownership laws.

## **Insurance**

Red 5's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures and natural phenomena such as inclement weather conditions (including cyclones), floods and earthquakes. Such occurrences could result in damage to mining or production facilities, personnel injury or death, environmental damage to Red 5's properties and the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Red 5 maintains insurance to protect against certain risks in such amounts as it considers it to be reasonable, its insurance will not cover all of the potential risks associated with its operations. Red 5 may also be unable to maintain insurance to cover those risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from any of these events may cause Red 5 to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

## **Litigation**

Legal proceedings may also arise from time to time in the course of Red 5's business. Red 5 may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on Red 5's operations, financial performance and financial position. As at the date of this Bidder's Statement, Red 5 is not involved in any legal proceedings the result of which is likely to have a material adverse effect on the business or financial position of Red 5.

## **Contractual arrangements**

Red 5 and Bullseye are parties to a number of material contracts and may be advanced in the finalisation of other contracts. Failure by any other party to a contract with Red 5 or Bullseye to comply with their obligations could have a material adverse effect on Red 5. Additionally, the failure by Red 5 or Bullseye to finalise and execute contracts presently under negotiation or to finalise conditions arising under existing conditional material contracts could have a material adverse effect on Red 5.

## **Joint venture partners**

Financial failure or default by any participant in a joint venture to which Red 5 or Bullseye are parties may have a material adverse effect on Red 5 insofar as it may have to bear that share of the joint venture costs which would otherwise have been borne by the relevant participant in the joint venture.

## **Project delay**

To the extent that construction and development activities are delayed for any of the development projects in which Red 5 is to be granted management rights, this may affect the total development costs and the timing and level of proceeds derived from Red 5's operation which may have a material adverse effect on Red 5.

## **Hedging risk**

Red 5 has hedging agreements in place for the forward sale of fixed quantities of gold production from its operations, pursuant to a bullion agreement with MKS Switzerland S.A.,

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which provides the Company with the option but not the obligation to forward sell up to 30,000 oz over a six month period. There is a risk that Red 5 may not be able to deliver the amount of gold required under its hedging arrangements if, for example, there is a production shortage. In this event, Red 5's financial performance may be adversely affected. Under the hedging agreements, rising gold prices could result in part of Red 5's gold production being sold at less than the prevailing spot price at the time of sale. In addition, Red 5 could be exposed to liability if a counterparty to a hedge or forward sale contract defaults on its primary obligations under the instrument.

## 6.4 Risk Factors that arise from the Offer

### **Bullseye shareholders will have limited withdrawal rights with respect to the Offer, which means that a decision to accept the Offer may be irrevocable**

Once you have accepted the Offer for your Bullseye Shares, you have the limited right to withdraw your acceptance of the Offer only in limited circumstances. Under Australian law, if after you have accepted the Offer and while it remains subject to conditions, the Offer is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when Bidder must meet its obligations under the Offer, you will be able to withdraw your acceptance. Otherwise, you will be unable to withdraw your acceptance of the Offer even if the market value of Red 5 Shares varies significantly from their value on the date of your acceptance of the Offer.

### **Bidder has not verified the reliability of the Bullseye information included in, or which may have been omitted from, this Bidder's Statement**

In respect of information relating to Bullseye presented in, or omitted from, this Bidder's Statement, including all Bullseye financial information, Bidder has relied upon publicly available information. Any inaccuracy in the Bullseye information could adversely affect the anticipated results of operations of the Merged Group.

### **Change of control provisions in Bullseye's agreements triggered upon the acquisition of control of Bullseye may lead to adverse consequences**

Bidder is not aware of any pre-emptive rights or change of control provisions affecting Bullseye's assets or agreements which would be triggered by Bidder obtaining control of Bullseye. However, Bullseye may be a party to agreements that contain pre-emptive rights or change of control provisions that may be triggered if the Bidder acquires Bullseye Shares representing a majority of the voting rights of Bullseye. The operation of these change of control provisions, if triggered, could have negative consequences including requiring Bullseye to renegotiate its financings, or sell joint venture interests. These provisions may be waived with the consent of the other party and Bidder would consider seeking such waivers if it discovered that pre-emptive rights or change of control provisions affecting Bullseye's assets or agreements would be triggered upon Bidder obtaining control of Bullseye. In the absence of these waivers, the operation of any of these changes of control provisions could adversely affect the operations of the Merged Group.

### **Issue of Red 5 shares as consideration**

Under the Offer, Red 5 will offer a significant number of its shares. If current Bullseye Shareholders or current Red 5 Shareholders do not wish to hold shares in Red 5 after completion of the Offer and seek to sell their shares, this may have a material adverse effect on Red 5 and the price of Red 5 Shares. Further, Red 5 Shares issued to certain Foreign Shareholders will be sold on the ASX (refer to Section 9.11 (**Foreign Shareholders**)). The sale of these Red 5 Shares could also have a material adverse effect on Red 5 and the price of Red 5 Shares.



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## **Fluctuation in the market value of Red 5 shares**

Bullseye Shareholders are being offered consideration under the Offer that consists of a specified number of Red 5 Shares (rather than a number of Red 5 Shares with a specified market value). The market value of Red 5 Shares at the time at which they are received by Bullseye Shareholders may vary from their market value on the date that Bullseye Shareholders accept the Offer.

Accordingly, market fluctuations could affect the value of the consideration paid (in the form of Red 5 Shares) under the Offer and the value of an accepting shareholder's investment in Red 5. Bidder is not obliged to make any adjustment in the consideration payable under the Offer if the value of Red 5 Shares changes during the Offer Period.

## **6.5 Merger integration risks**

Integrating two companies such as Red 5 and Bullseye may produce some risks, including integrating management, information systems and work practices. Red 5 intends to continue current business strategy and operations after completion of the Offer.

Greater than expected integration costs could have a material adverse effect on Red 5.

### **Synergy risks**

Whilst the directors of Red 5 expect to realise certain synergy benefits from the merger, achievement of these synergies is not certain. The synergies may not be realised to their full extent or may be realised over a longer period of time than the directors of Red 5 expect. This could have a material adverse impact on the financial performance of Red 5.

### **Less than 90% ownership**

The Offer is subject to a 90% minimum ownership condition. This condition may be waived by Bidder. Therefore a risk exists that the final level of ownership acquired by Bidder is less than 90%, which could have an impact on Red 5's intentions regarding Bullseye (refer to section 7). This impact could have a material adverse effect on Red 5.

### **Taxation Risks**

The tax consequences and risks of the Offer depend upon the specific circumstances of each Bullseye Shareholder. Bullseye Shareholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer.

### **Impairment of Goodwill and other Intangible Assets**

The financial statements of the Red 5 Group will be prepared in conformity with the Australian International Financial Reporting Standards (**AIFRS**) and consistent with the current accounting policies of Red 5. Under AIFRS, intangible assets are reviewed semi-annually for impairment. Changes to the carrying amounts of intangible assets of Red 5 or Bullseye could have a material adverse impact on the financial performance of Red 5.

# Bidder's Statement

## 7. Intentions of Red 5

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### 7.1 Intentions on conclusion of the Offer

This section sets out Red 5's intentions in relation to the following:

- (a) the continuation of the business of Bullseye;
- (b) any major changes to the business of Bullseye and any redeployment of the fixed assets of Bullseye; and
- (c) the future employment of the present employees of Bullseye.

These intentions are based on the information concerning Bullseye, its business and the general business environment, which is known to Bidder and Red 5 at the time of the preparation of this Bidder's Statement.

Final decisions will only be reached by Red 5 in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 7 are statements of current intention only, which may change as new information becomes available or circumstances change.

### 7.2 Intentions upon acquisition of a relevant interest in less than 50% of Bullseye Shares

The Offer is subject to a number of conditions set out in section 9.2 of this Bidder's Statement. In summary, section 9.2(a) (**Minimum Acceptance Condition**) describes that no acquisition of Bullseye Shares will proceed unless the Bidder and its associates have, at the end of the Offer Period, a relevant interest in at least 90% of Bullseye Shares.

Subject to the Corporations Act requirements, Bidder may be able to waive the benefit of some or all of the conditions in section 9.2.

The Bidder's current intentions are that unless the conditions described in section 9.2 are satisfied, the acquisition of Bullseye Shares under this Bidder's Statement will not proceed. The Bidder reserves its right to review and reconsider this position as the Offer Period proceeds.

To the extent that Bullseye is not a wholly owned subsidiary at the end of the Offer Period and there are minority shareholders in Bullseye, Red 5 will endeavour to implement the intentions contained below to the extent it is able to do so by law.

Unless otherwise indicated, Red 5's intentions if it acquires less than 50% of Bullseye Shares would be to request representation on the board (commensurate with its shareholding in Bullseye) and gain a more detailed understanding of all the businesses, assets and operations of Bullseye to evaluate performance, profitability and prospects of Bullseye to the greatest extent possible based on the information then available to Red 5.

### 7.3 Intentions upon acquisition of a relevant interest of 50% or more but less than 90% of Bullseye Shares

In the event Bidder acquires 50% or more of Bullseye Shares but does not achieve the Minimum Ownership Condition of 90% or more and consequently cannot compulsorily acquire the remaining 10% (or less) of Bullseye Shares, Bullseye will not become a wholly owned subsidiary at the end of the Offer Period and there will be minority shareholders in Bullseye. Red 5 will endeavour to implement the intentions contained below to the extent it is able to do so by law.

# Bidder's Statement

## **Conduct of Business and deployment of assets**

A further review of the structure, systems and activities of Bullseye will be undertaken upon completion of the Offer. The review will evaluate the performance, profitability, prospects and strategic relevance of Bullseye in the context of the objective to grow a merged business and enhance profitability. This may lead to changes of existing structures, staffing, systems and activities.

## **General operational review and employees**

Red 5 intends to conduct an immediate, broad-based review of Bullseye's structure and operations to identify areas for improvement and subsequently to establish a plan to achieve or exceed best practice where Bullseye has not yet achieved that level. The review will apply quantitative and qualitative factors to measure performance and identify areas, which may be improved.

Red 5 has specific intentions in relation to this review which include (but are not limited to):

- (a) examining the opportunities to apply best practices to Bullseye's business;
- (b) examining the potential to utilise and/or develop further, Bullseye's capacity to supplement Red 5's existing business;
- (c) identifying other areas of potential profit improvement by taking advantage of Red 5's scale and current systems of operation and any other synergies that may be generated following completion of the Offer; and
- (d) improving capital management through more selective capital expenditure and working capital criteria.

## **7.4 Intentions upon acquisition of 90% or more of Bullseye Shares**

This section 7.4 sets out Red 5's intentions if it acquires 90% or more of the Bullseye Shares and it is entitled to proceed to compulsory acquisition of the outstanding Bullseye Shares. In that circumstance, the Bidder's current intentions would be as set out below.

### **Corporate matters**

The Bidder intends to:

- (a) proceed with compulsory acquisition of the outstanding Bullseye Shares in accordance with the provisions of Chapter 6A of the Corporations Act; and
- (b) replace all members of the Board of Directors of Bullseye with its own nominees, described below.

## **Conduct of Business and deployment of assets**

A further review of the structure, systems and activities of Bullseye will be undertaken upon completion of the Offer. The review will evaluate the performance, profitability, prospects and strategic relevance of the Merged Group in the context of the objective to grow the merged business and enhance profitability. This may lead to changes of existing structures, staffing, systems and activities.

## **Elimination of duplication**

To the extent that activities and functions, including management and the provision of the specialist technical or professional services presently carried out by Bullseye will be duplicated

# Bidder's Statement

following completion of the Offer, such duplication will be eliminated where it is economically efficient to do so.

## **Corporate Office**

The head office of the Merged Group will be located at Red 5's head office in West Perth.

## **Board of Directors**

On completion of the Offer, Red 5 will procure that Bullseye's Board is reconstituted so that it comprises persons nominated by Red 5. It is proposed that, shortly after completion of the Offer, the Board of Bullseye will comprise Mark Williams, Ian Macpherson and John Colin Loosemore.

Full details of the members of Red 5's Board and Senior Management can be found in section 4.6 and 4.7 of this Bidder's Statement.

## **General operational review and employees**

Red 5 intends to conduct an immediate, broad-based review of Bullseye's structure and operations to identify areas for improvement and subsequently to establish a plan to achieve or exceed best practice where Bullseye has not yet achieved that level. The review will apply quantitative and qualitative factors to measure performance and identify areas, which may be improved, and should be finalised within three months of the successful completion of the Offer.

Red 5 has specific intentions in relation to this review which include (but are not limited to):

- (a) examining the opportunities to apply best practices to Bullseye's business;
- (b) examining the potential to utilise and/or develop further, Bullseye's capacity to supplement Red 5's existing business;
- (c) identifying other areas of potential profit improvement by taking advantage of Red 5's scale and current systems of operation and any other synergies that may be generated following successful completion of the Offer; and
- (d) improving capital management through more selective capital expenditure and working capital criteria.

As a result of this review, there may be a need for the roles of some Bullseye employees to change, as well as a need for redundancies in certain circumstances. However, Red 5 will not be in a position to gauge the full nature, timing, extent or incidence of such redundancies until it has completed its review.

Red 5 will seek, wherever possible or practicable, to allocate alternative responsibilities to any employees currently employed with Bullseye and whose employment will no longer be required as a result of this centralisation of administration functions or generally. However, Red 5 considers that it may not be feasible to allocate alternative responsibilities to many of the Bullseye employees whose responsibilities would be duplicated following a successful acquisition or whose roles are not required, following the Red 5's review of the Bullseye businesses. In such circumstances, Red 5 expects that such employees would be made redundant (through voluntary redundancy schemes if possible) and would be paid their full entitlements.

# Bidder's Statement

## Strategic Review and Implementation of Efficiencies

Red 5 will implement the intentions described above to the extent that they are economically feasible, consistent with maintaining Bullseye as a subsidiary and subject to the requirements of the ASX Listing Rules, Corporations Act and any other applicable legislation.

### 7.5 Limitations on intentions

Red 5 would only make a decision on the above matters following receipt of appropriate legal and financial advice. Red 5's intentions must be read as being subject to the duty of Bullseye's Board, including any nominees of Red 5, to have regard to the interests of all Bullseye shareholders and would therefore be subject to its obligations to comply with the applicable provisions of the Corporations Act and the law generally.

### 7.6 Business, assets and employees

Other than as set out in this Section 7, it is the present intention of Red 5:

- (a) to continue the businesses of Bullseye;
- (b) not to make any major changes to the businesses of Bullseye and not to redeploy any of the fixed assets of Bullseye; and
- (c) subject to the completion of its review referred to in section 7.3 above, to maintain employment of Bullseye's existing employees.

## 8. Tax Considerations

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### 8.1 Introduction

The following is a summary of the potential Australian income tax and capital gains tax (**CGT**) consequences generally applicable to Bullseye Shareholders who dispose of Bullseye Shares under the Offer. This summary is based on the law and practice in effect on the date of this Bidder's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Bullseye Shareholder. In particular, this summary is only applicable to Bullseye Shareholders that are Australian residents for income tax purposes and hold their Bullseye Shares on capital account for investment purposes and only considers the Australian tax position.

This summary does not apply to Bullseye Shareholders:

- (a) who hold their Bullseye Shares as trading stock or as revenue assets;
- (b) who acquired their Bullseye Shares as part of an employee share scheme operated by Bullseye;
- (c) that may be subject to special tax rules, such as financial institutions, insurance companies, partnerships (except where expressly stated), tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- (d) who are subject to the taxation of financial arrangements rules in relation to gains and losses on their Bullseye Shares.

All Bullseye Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Bullseye Shareholders should seek their own

# Bidder's Statement

advice on the Australian and foreign taxation consequences, of any sale of their Bullseye Shares.

## 8.2 CGT consequences on the disposal of Bullseye Shares for Resident Shareholders

A Bullseye Shareholder that accepts the Offer and whose Bullseye Shares are subsequently transferred to Bidder, is taken to have disposed of their Bullseye Shares for Australian CGT purposes. On disposal of their Bullseye Shares, Bullseye Shareholders make a capital gain to the extent that the market value of the Offer consideration exceeds the tax cost base of their Bullseye Shares (subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain).

The capital proceeds received for the disposal of the Bullseye Shares should be calculated by reference to the market value of the Red 5 Shares that each Bullseye Shareholder will receive.

The sum of all capital gains incurred by a Bullseye Shareholder in the year in which the transaction occurs, reduced by any capital loss incurred during that year, or carried forward from prior years (known as the net capital gain), should be included in the assessable income of the Bullseye Shareholder.

Alternatively, a Bullseye Shareholder will make a capital loss on the transfer of their shares to Bidder, equal to the amount by which the reduced cost base of their Bullseye Shares is more than the capital proceeds (ie the value of shares in Red 5) they receive under the Offer. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year (subject to the satisfaction of certain loss recoupment tests which apply if the Bullseye Shareholder is a company or trust).

## 8.3 Cost base of Bullseye Shares generally

Generally, the cost base of Bullseye Shares should be equal to the amount paid to acquire the Bullseye Shares. Other incidental costs incurred by a Bullseye Shareholder in respect of their acquisition or ownership of Bullseye Shares (such as brokerage and undedicated borrowing costs) may also be included in the cost base of the Bullseye Shares they own.

## 8.4 CGT rollover

Where Bidder acquires 80% or more of the Shares in Bullseye, a Bullseye Shareholder may be eligible to choose scrip for scrip CGT rollover relief in respect of the disposal of Bullseye Shares, so that any CGT payable on the disposal of their Bullseye Shares is deferred.

If a Bullseye Shareholder elects for CGT rollover relief to apply, any capital gain that they would otherwise make on the disposal of their Bullseye Shares will be disregarded, as the only consideration that Bullseye Shareholders will receive in respect of their Bullseye Shares are replacement shares in Red 5.

The benefit of choosing scrip for scrip rollover relief will depend on the individual circumstances of each Bullseye Shareholder and therefore Bullseye Shareholders should discuss this with their tax advisers.

Where rollover relief is chosen, the tax cost base of the Red 5 Shares received by the Bullseye Shareholders should equal the tax cost base of the Bullseye Shares disposed of. This tax cost base will be allocated on a proportionate basis across the Red 5 Shares received. This cost base will be relevant in determining any future CGT liability on the subsequent disposal of the Red 5 Shares.

For the purposes of determining whether the CGT discount applies on any subsequent disposal of the Red 5 Shares, the date on which the Bullseye Shareholders will be deemed to have acquired the Red 5 Shares will be the day they acquired their original Bullseye Shares.

# Bidder's Statement

Generally, where Bullseye Shareholders prepare their income tax return on the basis that scrip for scrip rollover has been applied, this will be sufficient evidence of making the choice to obtain rollover relief.

In certain circumstances, it may be necessary for Bidder to make a joint election with Bullseye Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the Bullseye Shareholder and provided the Bullseye Shareholder has informed Red 5 in writing of the cost base of their Bullseye Shares, Bidder may make the joint election. Bidder confirms that it will not make any choice or election under the CGT rollover provisions that would prevent Bullseye Shareholders from obtaining CGT rollover relief where available.

However, if the Offer becomes unconditional and Bidder does not increase its holding to at least 80% of the Bullseye Shares on issue as a result of the Offer, CGT rollover relief will not be available for any Bullseye Shareholders.

## 8.5 CGT discount

Any Bullseye Shareholder who is an individual, the trustee of a trust or a complying superannuation entity that does not choose CGT rollover relief may be entitled to a "CGT discount" in calculating the net capital gain to be included in their assessable income.

Bullseye Shareholders will be eligible for CGT discount provided that:

- (a) the Bullseye Shares were acquired at least 12 months before disposal to Bidder;
- (b) the Bullseye Shareholder did not choose to index the cost base of their Bullseye Shares; and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first applied to reduce the capital gain.

The CGT discount allows a Bullseye Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50%, thereby including only the remaining 50% of the capital gain in the taxable income of that individual or trust.

A Bullseye Shareholder that is a complying superannuation entity may discount the capital gain by 1/3, thereby only including 2/3 of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Bullseye Shareholder that is a company.

## 8.6 CGT consequences on the disposal of Bullseye shares for non-resident Shareholders

If you are a non-resident shareholder and accept this Offer you will not be entitled to receive Red 5 Shares in exchange for your Shares unless Red 5 determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue you with Red 5 Shares on acceptance of the Offer; and
- (b) is not unlawful for you to accept the Offer by the law of the relevant place outside Australia or its external territories.

As set out in section 9.11 of this Bidder's Statement, the nominee will arrange for the Red 5 Shares that are exchanged for your Bullseye Shares to be sold. You will receive the proceeds of sale (less brokerage and sale expenses) of the Red 5 Shares calculated in accordance with the formula in section 9.11.

# Bidder's Statement

Broadly, non-residents are not entitled to claim any CGT discount on disposal of a CGT asset that was acquired after 8 May 2012. The capital gains tax discount is explained further below.

New non-resident withholding tax rules in relation to the acquisition of Australian real property were enacted on 25 February 2016. Broadly, the purpose of the new withholding tax rules is to assist in the collection of a non-resident's capital gains tax liability. The new rules apply to contracts entered into on or after 1 July 2016.

The new rules impose a 10% non-final withholding obligation on the purchasers of certain Australian assets where they are acquired from a relevant foreign resident. The obligation does not require withholding as such, but does require the purchaser to pay 10% of the first element of the cost base (usually, the purchase price) to the Commissioner. This amount may be withheld from the payment the purchaser makes to the vendor. The obligation will apply to the acquisition of an asset that is:

- (a) taxable Australian real property;
- (b) an indirect Australian real property interest; or
- (c) an option or right to acquire such property or such an interest.

Where Red 5 considers that it will be required to withhold under these rules, it will contact the relevant Bullseye Shareholder to confirm that withholding is required. In such circumstances, Red 5 may request that the relevant Bullseye Shareholders provide a declaration that the Bullseye Shares they are disposing of are not indirect Australian real property interests as at the date of the transaction. Where such a declaration is requested, Red 5 can provide a draft declaration for the Bullseye Shareholder to complete.

Bullseye Shareholders that are not Australian tax residents should seek their own taxation advice on the consequences of the disposal of their Bullseye Shares and ongoing interest in Red 5 under any relevant foreign tax laws and Australian tax legislation.

## 8.7 Stamp duty

The sale of Bullseye Shares could give rise to a landholder duty liability in Western Australia. In the event that landholder duty is payable, Bidder would be liable for this.

## 8.8 Goods and Services Tax (GST)

The sale of Bullseye Shares by existing shareholders as contemplated will not attract GST. Similarly, no GST will be payable on the acquisition of Red 5 Shares.

Where shareholders are registered or required to be registered for GST, any GST incurred on expenses that relate to the sale of existing shares or acquisition of new shares may not be recoverable if the individual shareholder exceeds the financial acquisitions threshold as set out in the relevant GST legislation. However, a reduced input tax credit equal to 75% of the GST incurred may still be available if the acquisition constitutes a reduced credit acquisition.

Where Bullseye Shareholders are not registered, or required to be registered for GST, no GST implications should arise in relation to the Offer.

## 8.9 Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.



# Bidder's Statement

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, neither Bidder nor Red 5 accepts any responsibility for tax implications for individual Bullseye Shareholders.

Neither Bidder nor Red 5 is a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific Bullseye Shareholders. Bullseye Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

## 9. Terms of Offer

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This section contains the terms of the Offer by Bidder to acquire all your Bullseye Shares. The Offer Date is 12 April 2018.

### 9.1 The Offer

#### Persons to whom the Offer is made

The Offer is to all the holders of all of the ordinary shares of the capital of Bullseye Mining Limited ACN 118 341 736 (**Bullseye**) including ordinary shares that are issued during the Offer Period as a result of conversion of a Bullseye Performance Right or Bullseye Option.

#### Offer

Bidder hereby offers to acquire all of your Bullseye Shares together with all Rights attaching to them. The consideration offered is one Red 5 Share for each five Bullseye Shares, on the terms and conditions set out in this Offer.

If you become entitled to a fraction of a Red 5 Share the fraction will be rounded down.

#### Acceptance must be in respect of all Shares

You may only accept the Offer in respect of all your Bullseye Shares.

#### Offers to all holders of Shares

Offers on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to all holders of Bullseye Shares, registered as such in the register of members of Bullseye at 8.00am (WST) on the Offer Date.

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

#### Improving the consideration

If Bidder improves the consideration offered, the Corporations Act contains provisions to ensure that any Bullseye shareholder who has already accepted the Offer receives the benefit of the improved consideration.

### 9.2 Conditions of the Offer

#### Offer subject to conditions

Subject to Bidder being able to free the Offer from conditions (as described below in section 9.3), the Offer and any contract from the acceptance of the Offer will be subject to fulfilment or waiver of the following conditions before the end of the Offer Period.

# Bidder's Statement

(a) **Minimum ownership**

During, or at the end of, the Offer Period, the number of Bullseye Shares in which Bidder and its associates together have relevant interests is at least 90% (by number) of all Bullseye Shares on issue. Bidder will not waive the minimum ownership condition unless it considers it is in the best interest to do so at the relevant time.

(b) **Foreign Acquisitions and Takeovers Act**

Between the Announcement Date and the end of the Offer Period, and if required, the Treasurer of the Commonwealth of Australia or their agent consents under the *Foreign Acquisitions and Takeovers Act 1974* (Cth) (**FATA**) to the proposed acquisition by Bidder of Bullseye Shares under the Offer and the Treasurer is taken to have so consented:

- (1) if Bidder receives written notice from or on behalf of the Treasurer to the effect that the acquisition of Bullseye Shares is not inconsistent with the Australian Government's foreign investment policy or is not objected to under the FATA; or
- (2) if notice of the Offer or proposed acquisition of Bullseye Shares is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under Part II of the FATA in relation to the proposed acquisition by Bidder of Bullseye Shares under the Offer because of lapse of time.

(c) **No Public Authority intervention**

Between the Announcement Date and prior to the end of the Offer Period:

- (1) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
- (2) no application is made to any Public Authority (other than by any member of Red 5 and any of its Subsidiaries); and
- (3) no action or investigation is instituted or threatened by any Public Authority with respect to any member of the Bullseye Group, in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer), which:
  - (A) restrains or prohibits (or, if granted, could restrain or prohibit), or otherwise materially adversely affect the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Red 5 in respect of Bullseye and the Bullseye Shares to be acquired under the Offer; or
  - (B) requires the divestiture by any member of the Bullseye Group of any Bullseye Shares, or the divestiture of any material assets of the Bullseye Group or any member of the Bullseye Group.

(d) **No material acquisitions, disposals, cancellations or new commitments**

Except for any proposed transaction or item fairly disclosed in writing to Red 5, none of the following events occur between the Announcement Date and the end of the Offer Period:

## Bidder's Statement

- (1) Bullseye or another member of the Bullseye Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets, other than an interest in a member of the Bullseye Group which is held by another person for the benefit of any other member of the Bullseye Group) or makes an agreement for an amount or consideration in excess of AUD\$400,000 for any individual item or in excess of AUD\$2,000,000 in aggregate;
- (2) Bullseye or another member of the Bullseye Group disposes of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) or makes an agreement for an amount or consideration in excess of AUD\$400,000 for any individual item or in excess of AUD\$800,000 in aggregate;
- (3) a member of the Bullseye Group enters into or agrees to enter into any farm-in, farm-out, joint venture or partnership or other management agreement that requires or is reasonably likely to involve payments, expenditure or the foregoing of revenue, by a member of the Bullseye Group in excess of AUD\$400,000 in aggregate; or
- (4) a tenement, permit or licence granted to or held by any member of the Bullseye Group relating to Laverton Project or the Other Projects is revoked, surrendered, relinquished or terminated or a member of the Bullseye Group agrees to the same without there being a reasonable likelihood of such tenement, permit or licence being allowed to continue, renewed or extended on terms which are no less favourable to the member of the Bullseye Group.

(e) **No material adverse change**

Between the Announcement Date and the end of the Offer Period there is no event, change, matter, circumstance or thing which occurs whether individually or when aggregated with all such events, changes, matters, circumstances or things of a like kind that:

- (1) has had, or would be reasonably likely to have, a material adverse effect on the business, assets liabilities, financial or, profitability or prospects of the Bullseye taken as a whole, as determined by an independent expert appointed by Red 5;
- (2) has caused, or would be reasonably likely to cause, a diminution in the total non-current assets of Bullseye by at least AUD\$400,000 compared to the approximately AUD\$16,600,000 of non-current assets stated in Bullseye's 30 June 2017 financial statements, as determined by an independent expert appointed by Red 5;
- (3) has caused, or would be reasonably likely to cause, a diminution in the net assets of Bullseye by at least AUD\$400,000 compared to the approximately AUD\$17,500,000 of net assets stated in Bullseye's 30 June 2017 financial statements (as lodged with ASIC), as determined by an independent expert appointed by Red 5; or
- (4) has resulted, or will result, in Bullseye or another member of the Bullseye Group entering into or terminating a material agreement or instrument where the consideration is in excess of AUD\$400,000 for any individual item or in excess of AUD\$4,000,000 in aggregate, other than those events, changes, matters, circumstances or things:
- (5) required or permitted by the Offer; or

# Bidder's Statement

- (6) done or not done at the prior written request or with the prior written acknowledgement and approval of Red 5.

- (f) **Rehabilitation liability**

The rehabilitation liabilities in respect of Bullseye Projects do not exceed \$2,500,000 in aggregate as at the Announcement Date or at the end of the Offer Period.

- (g) **Data room access**

Within three Business Days of Bullseye establishing or compiling a due diligence data room (whether in physical, virtual or electronic form) capable of access by any third party (**Data Room**) comprising due diligence material in connection with Bullseye or Bullseye Projects, Bullseye provides access to Red 5 to that Data Room.

- (h) **No persons exercising rights under certain agreements or instruments**

Between the Announcement Date and the end of the Offer Period, no person exercises any rights under any provision of any agreement or other instrument to which a member of the Bullseye Group is a party, or by or to which a member of the Bullseye Group or any of its assets may be bound or be subject (which, if exercised, will have or is reasonably likely to have a material adverse effect on the Bullseye Group taken as a whole), to:

- (1) require monies borrowed by, or other financial accommodation provided to, a member of the Bullseye Group to be paid or repaid immediately or earlier than the repayment or maturity date stated in such agreement or other instrument;
- (2) terminate or modify any such agreement or instrument or require that any action be taken thereunder (including the acceleration of the performance of any obligation thereunder);
- (3) terminate or modify the interest of a member of the Bullseye Group in any farm-in, farm-out, partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest); or
- (4) require that any assets, shares or business of a member of the Bullseye Group be sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, as a result of the acquisition of Bullseye Shares by Bidder.

- (i) **No change of control rights**

Between the Announcement Date and the end of the Offer Period, no person has or will have any right as a result of Bidder making the Offer or announcing its intention to make the Offer, or acquiring Bullseye Shares under the Offer, to:

- (1) acquire, or require the disposal of, or require any entity within the Bullseye Group to offer to dispose of, any material asset of any entity within the Bullseye Group;
- (2) terminate, or vary the terms or performance of, any material agreement with any entity within the Bullseye Group;
- (3) terminate, or vary the terms of any material approvals, licenses or permits issued by any Public Authority to any entity within the Bullseye Group; or
- (4) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Bullseye Group earlier than its stated maturity date, or

# Bidder's Statement

withdraw or inhibit the ability of any entity within the Bullseye Group to borrow moneys or incur indebtedness, other than as fully and fairly disclosed by Bullseye to Red 5 prior to the Announcement Date.

(j) **Distributions**

Before the end of the Offer Period, Bullseye does not make or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(k) **Prescribed occurrences**

No Prescribed Occurrence is to happen between the Announcement Date and the end of the Offer Period.

(l) **Share Capital**

As at the Announcement Date:

- (1) there are no more than 285,553,798 Bullseye Shares on issue; and
- (2) there are no securities convertible into Bullseye Shares other than the 20,000,000 Bullseye Options and 8,000,000 Bullseye Performance Rights on issue as at 31 January 2018.

(m) **Conduct of Bullseye's affairs**

Between the Announcement Date and the end of the Offer Period no member of the Bullseye Group without the prior written consent of Red 5:

- (1) changes its constitution or passes any special resolution;
- (2) (enters into any guarantee, indemnity or guarantee and indemnity on behalf of any member of the Bullseye Group in relation to an amount in excess of AUD\$400,000;
- (3) increases the remuneration or otherwise materially varies the engagement terms of or employment arrangements with any director of a member of the Bullseye Group or any key management personnel of the Bullseye Group where the total annual employment cost of that director or employee equals or exceeds AUD\$200,000, except in accordance with contractual arrangements in existence on the date of this letter or any determination of a board of a member of the Bullseye Group made prior to the date of this letter; or

without prejudice to conditions 9.2(e) and 9.2(f) above and paragraphs 9.2(m)(1) to 9.2(m)(3) above enters into or agrees to enter into any agreement or commitment with a third party that would require expenditure, the foregoing of revenue or the incurring of a liability by one or more members of the Bullseye Group in excess of AUD\$400,000.

## 9.3 **Conditions Generally**

### **Conditions are separate**

Each of the conditions contained in section 9.2 is a distinct and separate condition and shall not merge on completion of any contract arising from acceptance of this Offer.

# Bidder's Statement

## Conditions Subsequent

Each of the conditions contained in sections 9.2 is a condition subsequent. The breach or non-fulfilment of such a condition shall not prevent a contract to purchase your shares arising from your acceptance of this Offer. However, if Bidder has not:

- (a) declared all Offers to be free from the conditions in section 9.2 before the date applicable under section 650F(1) of the Corporations Act; and
- (b) the conditions section 9.2 have not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of Offers and all acceptances that have not resulted in binding contracts are void. In such case, Bidder will return the Acceptance Form (if any), together with all documents forwarded by you to you, at the address provided by Bullseye in accordance with section 641(1) of the Corporations Act.

## Benefit of conditions

Subject to the provisions of the Corporations Act, Bidder alone is entitled to the benefit of the conditions contained in section 9.2 and any breach or non-fulfilment of any of those conditions may be relied upon only by Bidder, and Bidder may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

## Freeing Offer from conditions

Subject to section 650F of the Corporations Act, Bidder may, at any time at its sole discretion, declare the Offer free from all or any of the conditions referred to in section 9.2 by giving notice in writing to Bullseye. The notice may be given in relation to the conditions not later than seven days before the end of the Offer Period.

## Status notice

The date for giving the notice required by section 630(3) of the Corporations Act on the status of the conditions to the Offer is the date seven days before the end of the Offer Period, subject to variation in accordance with section 630(2) of the Corporations Act if the period during which the Offer remains open for acceptance is extended.

## 9.4 Offer Period

Unless withdrawn or extended this Offer will remain open for acceptance by you during the period commencing on the Offer Date and ending at 5.00 pm (WST) on 14 May 2018.

## 9.5 How to accept this Offer

### Acceptance must be in respect of all Shares

You may accept this Offer in respect of all (but not less than all) of your Bullseye Shares.

### Time for acceptance

You may accept this Offer at any time during the Offer Period.

### Manner of acceptance

To accept this Offer in respect of your Bullseye Shares, you must:

- (a) complete and sign the Acceptance Form in accordance with the instructions on it; and

# Bidder's Statement

- (b) return the Acceptance Form together with all other documents required by the Instructions to the address specified on the form. For the return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Bidder before the end of the Offer Period, **being not later than 5.00 pm (WST) on 14 May 2018**.

A reply-paid envelope is enclosed for shareholders with Australian addresses to return their completed Acceptance Form. Overseas shareholders should return their Acceptance Form by airmail.

The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting shareholder. Bidder may, however, in its sole discretion waive at any time, prior to the end of the Offer Period, all or any of those requirements.

If you have any questions about how to accept this Offer or need a replacement Acceptance Form, please contact Security Transfer Australia Pty Ltd on 1300 992 916 (within Australia) and +61 (3) 9628 2200 (outside Australia). Alternatively, you may consult your broker or other financial or professional adviser.

## **Authority to accept Offer**

When accepting this Offer, you should also ensure that if the accepting shareholder:

- (a) is a corporation, the Acceptance Form is signed by two directors, a director and company secretary, or by the sole director in the case of an Australian company with a sole director who is also the sole company secretary;
- (b) is deceased, the Acceptance Form is signed by the person or persons authorised to administer the estate of the deceased shareholder;
- (c) is one or two or more joint holders, all such holders sign the Acceptance Form; or
- (d) is accepting through an attorney under power:
  - (1) the power of attorney has not been revoked;
  - (2) the donor of the power of attorney has not died;
  - (3) the power of attorney has been validly executed;
  - (4) the power of attorney duly empowers the attorney to sign such a form; and
  - (5) the attorney duly signs the Acceptance Form.

## **9.6 Red 5 Shares**

Red 5 Shares to be allotted under the terms of this Offer will be fully paid ordinary shares ranking equally in all respects from the date of their issue with the existing ordinary shares in Red 5.

Red 5 has been admitted to the official list of the ASX and shares of the same class as those to be issued as consideration under this Offer have been granted official quotation by the ASX.

Red 5 will apply to the ASX for official quotation of the Red 5 Shares to be issued under the Offer within seven days after the date on which the Bidder's Statement is given to Bullseye.

In accordance with section 625(3) of the Corporations Act, the Offer is subject to a condition that application for admission to quotation of the Red 5 Shares issued under the Offer is made within seven days after the date on which the Bidder's Statement is given to Bullseye and

# Bidder's Statement

permission for admission to quotation will be granted no later than seven days after the end of the Offer Period. This condition may not be waived.

## 9.7 Entitlement to Offer

### Offer made to holders of Shares

This Offer is made to you as the holder of the Bullseye Shares which are registered in your name in the register of members of Bullseye at 8.00am (WST) on the Offer Date. If at any time during the Offer Period another person is or is entitled to be registered as the holder of some or all of those Bullseye Shares, then in accordance with section 653B(1)(a) of the Corporations Act:

- (a) an offer corresponding to this Offer is deemed to have been made to that person for the Bullseye Shares of which that person is, or is entitled to be, so registered as holder; and
- (b) this Offer is deemed to have been made to you for the remainder (if any) of the Bullseye Shares that were registered in your name at 8.00am (WST) on the Offer Date.

The Bullseye Shares in respect of which this Offer is made or deemed to be made to you, in accordance with this paragraph, are referred to in this document as "your Bullseye Shares".

### Shares held in separate parcels

If at any time during the Offer Period and before you accept this Offer, your Bullseye Shares to which this Offer relates consist of two or more separate and distinct parcels for the purposes of section 653B of the Corporations Act (for example because you are a trustee or nominee for several distinct beneficial owners), then in accordance with section 653B of the Corporations Act:

- (a) this Offer shall be deemed at that time to consist of separate and distinct corresponding offers made to you in relation to the respective separate and distinct parcels of Bullseye Shares; and
- (b) an acceptance by you of any of those separate and distinct corresponding offers is ineffective unless:
  - (1) you have given to Red 5 notice indicating that your Bullseye Shares consist of separate and distinct parcels; and
  - (2) the acceptance indicates the number of Bullseye Shares in the separate and distinct parcels to which acceptance relates,

provided that you may at the one time, accept two or more such separate corresponding offers as if they were a single offer in relation to separate parcels of shares.

If this applies to you, contact Security Transfer Australia Pty Ltd on 1300 992 916 (within Australia) and +61 (3) 9628 2200 (outside Australia) for such additional copies of this Bidder's Statement and Acceptance Form as are necessary. Please note that, in accordance with legal requirements, calls to these numbers will be recorded.

### Shares registered to broker or other nominee

Beneficial owners whose Bullseye Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance and details as to whether they will impose service costs for their role in accepting this Offer.



# Bidder's Statement

## 9.8 Effect of Acceptance

By signing and returning an Acceptance Form in accordance with the procedures set out in section 9.5 and the Instructions on the Acceptance Form, you will be deemed to have:

- (a) irrevocably accepted this Offer (and any variation of it) in accordance with its terms in respect of all of your Bullseye Shares;
- (b) subject to this Offer being declared free of the conditions set out in section 9.2 or such conditions being fulfilled or waived, authorised the transfer of your shares to the Bidder for the consideration specified in this Offer;
- (c) represented and warranted to the Bidder and Red 5 that on the date of registration of the transfer of your Bullseye Shares to the Bidder, your Bullseye Shares shall be fully paid up and free from all mortgages, charges, liens and other encumbrances (whether legal or equitable) of any kind and that you have full power and authority to sell your Bullseye Shares to the Bidder;
- (d) authorised Red 5 (by its directors, officers, servants or agents) to complete on the Acceptance Form correct details of your Bullseye Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make the Acceptance Form an effective acceptance of this Offer and enable registration of the transfer of your Bullseye Shares to the Bidder;
- (e) authorised Red 5 (by its directors, officers, servants or agents) to alter the number of Bullseye Shares said to be held by you if it is otherwise than as set out in the enclosed Acceptance Form;
- (f) represented and warranted to Red 5, and agreed with Red 5 that your Bullseye Shares will be purchased by the Bidder with all Rights and that you will execute all such instruments as may be required for the purpose of vesting in it any such Rights;
- (g) represented and warranted to Red 5 that if you are in the People's Republic of China, you are a (i) "qualified domestic institutional investor" as approved by the relevant PRC regulatory authorities to invest in overseas capital markets or (ii) sovereign wealth fund or quasi-government investment fund that has the authorisation to make overseas investment;
- (h) irrevocably authorised and directed Bullseye to pay to Red 5 or to account to Red 5 for all Rights, subject however to any such Rights received by the Bidder being accounted for by Red 5 to you in the event that this Offer is withdrawn or the contract resulting from your acceptance of this Offer is rendered void;
- (i) except where Rights have been paid or accounted for under paragraph 9.8(f), irrevocably appointed Red 5 and its directors from time to time jointly and severally as your attorney in your name and on your behalf, with effect from the Offer Date, or any contract resulting from your acceptance of this Offer, becomes unconditional, to execute all such instruments as Red 5 or the Bidder may require for the purpose of vesting in it any such Rights;
- (j) represented and warranted to Red 5 that, unless you have notified in accordance with section 9.7 (Shares held in separate parcels), your Bullseye Shares do not consist of separate parcels of Bullseye Shares;
- (k) upon this Offer or any contract resulting from your acceptance of this Offer becoming unconditional, have irrevocably appointed each of Red 5 and each of the directors of Red 5 from time to time jointly and each of them severally as your attorney to:

# Bidder's Statement

- (1) attend and vote (and otherwise participate) in respect of your Bullseye Shares at any and all general meetings of Bullseye, to receive notices of all such meetings and to requisition or join with other holders of Bullseye Shares in requisitioning or to convene or to join with other holders of Bullseye Shares in convening a general meeting or general meetings of Bullseye;
- (2) demand a poll for any vote to be taken at any meeting of Bullseye Shareholders;
- (3) propose or second any resolutions to be considered at any and all meetings of Bullseye Shareholders;
- (4) complete and execute all forms, notices, instruments (including instruments appointing Red 5 or a director of Red 5 as a proxy or representative in respect of any of those Bullseye Shares), transfers (including further transfers of any of those Bullseye Shares to any person) and resolutions relating to those Bullseye Shares and generally to exercise all powers and rights which you may have as the registered holder or beneficial owner thereof;
- (5) to request Bullseye to register the name of the Bidder any of your Bullseye Shares which you hold on any register of Bullseye;
- (6) generally to exercise all your powers and rights in relation to your Bullseye Shares; and
- (7) have agreed that in exercising the powers conferred by that power of attorney Red 5 and any such director shall be entitled to act in the interests of Red 5 as the beneficial owner and intended registered holder of your Bullseye Shares.

## **Effect if Rights not received by Bidder**

If, for any reason, the Bidder does not receive any Rights referred to in paragraph 9.8(f), Red 5 will be entitled to reduce the amount of consideration payable in accordance with this Offer by the amount of value (as reasonably assessed by Red 5) of such Rights.

## **Invalid acceptance**

If you comply with some but not all, of the requirements for acceptance, the Bidder may in its absolute discretion treat the Acceptance Form as valid despite your failure to comply with all requirements.

## **Partially valid acceptance**

Where the requirements for acceptance have been complied with in respect of some but not all of the Bullseye Shares, the Bidder may in its sole discretion deem your acceptance of this Offer complete in respect of those Bullseye Shares for which the requirements have been complied with (Relevant Shares) but not in respect of the remainder, despite any other terms of this Offer. In that event, the Bidder must provide the consideration of the Relevant Shares but not any of the other Bullseye Shares you may hold, notwithstanding any other terms of this Offer.

## **Indemnity, undertakings and authorisations**

The Bidder will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this section 9.8. This appointment, being given for valuable consideration to secure the interest acquired in your Bullseye Shares, is irrevocable and terminates upon registration of a transfer to the Bidder of your Bullseye Shares and you will be deemed to have:

# Bidder's Statement

- (a) agreed not to attend or vote in person at any general meeting of Bullseye or to purport to exercise any of the powers conferred on Red 5 or its nominee in paragraph 9.8(k) above;
- (b) agreed to indemnify Red 5 and the Bidder in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of your Bullseye Shares being registered by Bullseye without production of your Holder Identification Number for your Bullseye Shares; and
- (c) authorised Red 5 to notify Bullseye on your behalf that your place of address for the purpose of serving notices upon you in respect of your Bullseye Shares in respect of which you have accepted this Offer is at the address of Red 5 as specified by Red 5 in the notification, and that all such notices are to be marked care of Red 5 and to have directed Bullseye to serve all correspondence, payments or notifications in respect of any Rights and other communications and documents whatsoever in respect of those Bullseye Shares to Red 5 at that address.

## **Duration of authorisations and undertakings**

The undertakings and authorities referred to in this section 9.8 will (unless otherwise this document) remain in force after you receive the consideration for your Bullseye Shares acquired by the Bidder and after the Bidder becomes registered holder of them.

## **9.9 Provision of Consideration**

### **Form of consideration**

The consideration for the acquisition of your Bullseye Shares under the Offer is to be satisfied wholly by the issue of Red 5 Shares.

### **Form and timing of payment**

Subject to this section 9.9, Red 5 shall provide the consideration for your Bullseye Shares on or before the earlier of:

- (a) 21 days after the expiry of the Offer Period; or
- (b) One month after the later of your acceptance and the date the Offer becomes unconditional.

The obligation of Red 5 to issue and allot any Red 5 Shares to you to which you are entitled under the Offer will be satisfied by Red 5:

- (a) entering your name on the register of members of Red 5; and
- (b) despatching or procuring the despatch to you of an uncertificated holding statement as set forth in the paragraph headed "Dispatch of Red 5 Shares" below.

## **9.10 Dispatch of Red 5 Shares**

Subject to this section 9.9, a Holding Statement in respect of the Red 5 Shares to which you will become entitled by accepting this Offer will be posted to you at your risk by ordinary mail addressed to you at your address as shown in the Acceptance Form, or such other address as you may notify in writing to Red 5.

# Bidder's Statement

## 9.11 Foreign Shareholders

If you are a resident of a jurisdiction other than Australia and its external territories, the People's Republic of China, Guernsey, Hong Kong, Ireland, Singapore and United Kingdom (including Northern Ireland) or your address shown in Bullseye's register of members is a place outside Australia and its external territories, the People's Republic of China, Guernsey, Hong Kong, Ireland, Singapore and United Kingdom (including Northern Ireland), or you are acting on behalf of such a person then you are an **"Ineligible Foreign Shareholder"**.

Red 5 has determined that Foreign Shareholders from the People's Republic of China, Guernsey, Hong Kong, Ireland, Singapore and United Kingdom (including Northern Ireland) are entitled to accept the Offer and receive Red 5 Shares and should refer to the specific offering and cautionary language below in Section 10.15.

If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

- (a) If you are an Ineligible Foreign Shareholder then unless Red 5 otherwise determines that:
- (1) it is lawful and not unduly onerous or not unduly impractical to make the Offer to you and to issue you with Red 5 Shares on acceptance of the Offer; and
  - (2) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, and its external territories, the People's Republic of China, Guernsey, Hong Kong, Ireland, Singapore and United Kingdom (including Northern Ireland),

then you will not be entitled to receive Red 5 Shares as part of the consideration for your Bullseye Shares. Red 5 may seek legal advice as to the ability to issue Red 5 Shares to various Ineligible Foreign Shareholders in particular foreign jurisdictions, depending on a number of factors, including the number of Bullseye Shares held by those Ineligible Foreign Shareholders.

If Red 5 does not make a determination that particular Foreign Shareholders can be issued Red 5 Shares, then by reason of acceptance of the Offer by such Ineligible Foreign Shareholders, Red 5 will:

- (1) arrange for the allotment to a nominee for all accepting Ineligible Foreign Shareholders approved by ASIC (**Nominee**) of the Red 5 Shares to be issued in accordance with the Offer to which you and all other Ineligible Foreign Shareholders would have been entitled but for this section 9.11 (**Ineligible Foreign Shareholders**);
- (2) cause the Nominee to offer for sale those Red 5 Shares within five Business Days after the end of the Offer Period in the manner, at the price and on other terms as are determined by the Nominee; and
- (3) pay to you the amount ascertained in accordance with the following formula:

$$\text{Proceeds of sale} \times \frac{A}{B}$$

where:

# Bidder's Statement

- **proceeds of sale** is the amount which is received by the nominee upon the sale of all Red 5 Shares under this section less brokerage and other sale expenses;
  - **A** is the number of Red 5 Shares which the Bidder would otherwise be required to procure to be issued to you as a result of your acceptance of the Offer; and
  - **B** is the total number of Red 5 Shares issued to the nominee under this section 9.9.
- (b) Payment will be made by cheque in Australian currency. The cheque will be sent to you at your risk by pre-paid air-mail to your address as shown on the copy of the Bullseye register maintained by Red 5. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (c) Despite anything else contained in this Bidder's Statement, neither Bidder nor Red 5 is under any obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility of Foreign Shareholders to receive Red 5 Shares.

## 9.12 **Withdrawal**

### **Power to withdraw**

Subject to compliance with section 652B of the Corporations Act, the Bidder may only withdraw this Offer with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent of ASIC. If this happens, the Bidder will comply with any conditions imposed by ASIC and send a notice of withdrawal to ASX and Bullseye and to each person to whom the Offer has been made at their address as set out in the register of members of Bullseye.

### **Effect of withdrawal**

If, at the time this Offer is withdrawn, all conditions in section 9.2 have been freed and all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If this Offer is withdrawn, the Offer remains subject to one or more conditions in section 9.2, all contracts arising from its acceptance become void.

## 9.13 **Extension of Offer Period**

The Bidder may at any time, and from time to time, vary this Offer by extending the Offer Period, in accordance with section 650C of the Corporations Act.

## 9.14 **Variation**

The Bidder reserves the right to vary this Offer in accordance with the provisions of section 650D of the Corporations Act.

# Bidder's Statement

## 10. Additional Information

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### 10.1 Rights and liabilities attaching to Red 5 Shares

From their date of issue, the Red 5 Shares to be issued pursuant to the Offer will rank equally with the existing Red 5 Shares.

The rights and restrictions attaching to Red 5 Shares are set out in Red 5's Constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law. Under section 140(1) of the Corporations Act, the Constitution of Red 5 has effect as a contract between Red 5 and each member and between a member of Red 5 and each other member. Accordingly, if Bullseye Shareholders accept the Offer and are allotted Red 5 Shares as consideration, they will become contractually bound to comply with the constitution of Red 5.

A summary of the principal rights attaching to Red 5 Shares based is set out below. It does not purport to be exhaustive or to constitute a definitive statement of the rights attaching to Red 5 Shares. Such rights involve complex questions of law arising from interaction of the Constitution and statutory and common law requirements. Shareholder should seek their own advice when trying to establish their rights in specific circumstances.

#### Shares

Shares in Red 5 can be issued with preferred, deferred or other special rights, obligations or restrictions in relation to dividends, voting, return of share capital, payment of calls or other matters, as determined by Red 5's Board from time to time. All unissued shares are under the control of Red 5's Board, which may grant options on the shares, issue option certificates and allot or dispose of the shares on the terms and conditions and for consideration it thinks fit. This power is subject to contract or any contrary rules in the constitution.

The Constitution permits the issue of preference shares on terms determined by Red 5's Board.

#### Alteration of rights

The rights and restrictions attaching to any class of shares (unless provided by the terms of issue of shares of that class), can only be varied with the consent in writing of members with at least three-quarters of the votes in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

#### Calls

The Board of Red 5 may from time to time call upon shareholders for unpaid monies on their shares. If such a call is made, shareholders are liable to pay the amount of the call in the manner and at the time and place specified by Red 5's Board. Such calls may be payable by instalments. When a resolution of Red 5's Board authorising the call is passed, the call will be deemed to have been made. It may be revoked or postponed at the discretion of Red 5's Board.

#### Forfeiture and lien

Red 5 is empowered to forfeit shares in relation to any part of allotment monies, calls, instalments, interest and expenses which remain unpaid following any notice sent to a shareholder. Such forfeiture must occur in accordance with the Constitution, the Corporations Act and the ASX Listing Rules.

Red 5 has a first lien or charge for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a shareholder's shares. The lien or charge extends to all dividends declared in respect of the shares provided that, if Red 5 registers a

# Bidder's Statement

transfer of any shares subject to this lien or charge without giving the transferee notice of the claim it may have at that time, the shares are freed and discharged from Red 5's lien or charge in respect to that claim.

## **Share transfers**

Shares may be transferred in any manner required or permitted by the ASX Listing Rules or the ASTC Settlement Rules and by any instrument in writing in any usual or common form or in any other form that Red 5's Board approves. Red 5's Board may only refuse to register a transfer of securities of Red 5 as permitted by the ASX Listing Rules or the ASTC Settlement Rules.

## **Directors need not issue share certificates**

Subject to the requirements of the ASX Listing Rules and the Corporations Act, Red 5 need not issue share certificates.

## **Meeting procedure**

The ASX and each shareholder and director of Red 5 are entitled to receive notice of and attend any general meeting of Red 5.

Three shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a Chairman and an adjournment, unless the quorum required is present at the start of the business. Red 5 is obliged to convene and hold an annual general meeting.

## **Voting rights**

Each shareholder has the right to receive notices of, and to attend, general meetings of Red 5.

Subject to restrictions on voting from time to time affecting any class of shares in Red 5, and any restrictions imposed by the Corporations Act, the shares in Red 5 carry the right to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held, and for each partly paid share held, a vote having the same proportionate value as the proportion to which the shares have been paid up. Voting may be in person or by proxy, attorney or representative.

## **Remuneration of directors**

Directors are to be paid out of company funds as remuneration for their services, such sum as accrues on a daily basis as Red 5 in general meeting determines to be divided among them as agreed, or failing agreement, equally.

Director's fees for their services as directors are by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for directors who devote special attention to the business of Red 5 or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of Red 5's Board engage in any journey on company business, to be paid extra remuneration determined by Red 5's Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending company or board meetings, or meetings of any committee engaged in Red 5's business.

Any director may be paid a retirement benefit as determined by Red 5's Board, consistent with the Corporations Act and the ASX Listing Rules.

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A director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the Corporations Act.

## Election of Directors

The constitution states that there must be a minimum of three directors and a maximum of ten directors (not including alternate directors), which Red 5's Board may from time to time determine provided it may not reduce the number below the number of directors in office at the time of the reduction.

## 10.2 Potential impacts on Share Capital

Further to Section 4.13, as at the date of the Bidder's Statement the potential Red 5 share capital impacts set out below should be noted. Bullseye Shareholders should also have regard to announcements made to ASX by Red 5 and further note that the potential remains for other or further Red 5 share capital changes to be effected.

Deferred consideration of \$5,000,000 in cash or shares is payable by Red 5 after 24 months (unless early election to take shares at 12 months is chosen by the Darlot Vendor) from completion of the Darlot acquisition which occurred on 2 October 2017 in accordance with the terms of the Darlot Share Acquisition Agreement. The deferred consideration shares (if so elected) to the Darlot Vendor would:

- (a) after 12 months, be at an issue price per share equal to the volume weighted average market price of the Company's shares calculated over the last 30 days on which sales in the shares of the Company are recorded before the one year anniversary of Completion of the Darlot acquisition, and would be escrowed until the second anniversary unless otherwise determined by the Company; and
- (b) after 24 months be at an issue price per share equal to a 15% discount to the volume weighted average market price of the Company's shares calculated over the last thirty days on which sales in the shares of the Company are recorded before the two year anniversary of completion of the Darlot acquisition.

The Company notes that the number of deferred consideration shares to be issued to the Darlot Vendor will be capped such that the Darlot Vendor (and its associated entities) cannot hold more than 20% of the issued capital in the Company and the difference will be paid in cash instead.

Deferred consideration of \$4,500,000 in cash or shares is payable after 12 months from completion of the KotH acquisition which occurred on 2 October 2017 in accordance with the terms of the KotH Tenement Acquisition Agreement. The deferred consideration shares (if so elected) to Saracen would be at an issue price per share equal to the volume weighted average market price of the Company's shares calculated over the last thirty days on which sales in the shares of the Company are recorded before the one year anniversary of Completion of the KotH tenement acquisition. The Company notes that the number of deferred consideration shares to be issued to the Saracen Vendor will be capped such that the Saracen Vendor (and its associated entities) cannot hold more than 15% of the issued capital in the Company and the difference will be paid in cash instead.

In order for Saracen to maintain its percentage of shareholding at 10.54% of the Company (**Anti-Dilution Right**), the Company has provided an Anti-Dilution Right to Saracen on the basis of the strategic relationship that will exist between the Company and Saracen (following the KotH tenement acquisition) having regard to Saracen's agreement to provide geological assistance to the Company post completion as well as agreeing to provide a geological



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representative as a part time consultant to the Company, and the benefit that the Company will receive by having Saracen as an investor and major shareholder in the Company.

The grant of the right remains subject to any necessary shareholder approval and, if necessary, ASX waiver, including the grant of a waiver in relation to Listing Rule 6.18. ASX have determined that Listing Rule 6.18 applies to any agreement that will enable an investor to achieve or maintain a fixed percentage of the capital of an entity (such as the Anti-Dilution Right pursuant to the KotH Tenement Acquisition Agreement). Accordingly, the Company will apply for a waiver from the ASX in respect of Listing Rule 6.18 (which prohibits an option over a percentage of an entity's capital) as it applies to the Anti-Dilution Right, to the extent necessary to enable Saracen to maintain its ownership percentage in the Company. Once a determination is known the Company will make an announcement to the ASX.

Pursuant to the KotH Tenement Acquisition Agreement, the Anti-Dilution Right does not apply to any issue of securities by the Company:

- (a) under an approved employee share incentive scheme and any securities issued pursuant to the exercise of any such incentive options, including the Company's rights plan;
- (b) in accordance with the Company's non-executive directors share plan;
- (c) on the exercise of any options over securities of the Company that were on issue as at 3 August 2017; or
- (d) under any dividend reinvestment plan.

## 10.3 Material contracts

Red 5 has numerous contracts in connection with its operations (including supply of power, fuel, haulage, toll treatment, joint ventures and royalties) none of which are presently considered material and/or outside of the ordinary course of business and otherwise have been disclosed previously by Red 5 to the ASX.

## 10.4 No brokerage

You will not incur brokerage if you accept the Offer.

## 10.5 Other benefits

During the four months prior to the date of this Bidder's Statement, neither Bidder nor Red 5 nor any of their associates gave, offered to give, or agreed to give another person a benefit which was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer under the bid; or
- (b) dispose of Shares,

that was not offered to all holders of Bullseye Shares under the Offer.

## 10.6 ASIC Matters

### (a) Class Orders

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Bidder and Red 5, in relation to the operation of Chapter 6 of the Corporations Act. Bidder and Red 5 may rely on this class order relief.

# Bidder's Statement

The Bidder and Red 5 have relied on the modification to section 636(3) of the Corporations Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bids" to include references to certain statements by Red 5, Bullseye and other persons in this Bidder's Statement without obtaining the consent of those persons.

As required by Class Order 01/1543, Red 5 will make available a copy of the documents containing these statements (or relevant extracts from these documents) free of charge to Bullseye Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts), Bullseye Shareholders may contact Red 5 on +61 8 9322 4455 (local call cost for callers within Australia).

(b) **Approval of nominee**

Bidder and Red 5 have also relied on the modification to section 619(3) of the Corporations Act as set out in paragraph 4 of ASIC Class Order 13/521 in relation to the appointment of a nominee in respect of the Foreign Shareholders.

Bidder and Red 5 will cause an entity to be appointed either before or after the date of this Bidder's Statement, with the prior approval of ASIC, to act as the nominee appointed by Bidder and Red 5 in relation to the Offer for the sales referred to in section 9.11.

## 10.7 Red 5 is a disclosing entity

Due to the fact that Red 5 is offering Red 5 Shares as consideration for the acquisition of Bullseye Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Red 5 Shares under sections 710 to 713 of the Corporations Act. Red 5 does not need to issue a prospectus for the Offer of the Red 5 Shares as the Offer is occurring under a takeover bid.

Red 5 is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Red 5 is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Red 5 Shares.

Red 5 Shares have been quoted on the ASX during the 12 months prior to the date of this Bidder's Statement. For this reason, Red 5 is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, where Red 5 Shares are continuously quoted securities the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Red 5 and the rights and liabilities attaching to the Red 5 Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Red 5 unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and it is information:

- (a) that investors and their professional advisors would reasonably require for the purposes of making an informed assessment of such matters; and
- (b) relating to the rights and liabilities attaching to the Red 5 Shares.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that information which is considered necessary to make this Bidder's Statement complete.

# Bidder's Statement

Red 5, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to Red 5 (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
  - (1) the financial statements of Red 5 for the 12 months ended 30 June 2017 (being the annual financial report most recently lodged by Red 5 with ASIC);
  - (2) the half-year financial report for the half-year ended 31 December 2017; and
  - (3) all continuous disclosure notices given by Red 5 after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for free copies of these documents may be made by calling Red 5 on +61 8 9322 4455 (local call cost for callers within Australia).

Copies of all documents lodged with ASIC and referred to in this Bidder's Statement can be inspected at the registered office of Red 5 during normal office hours. Red 5 also has a web-site, <http://www.red5limited.com>, which includes a wide range of information on Red 5 (including copies of the above documents) and its activities. A list of announcements made by Red 5 on ASX between 30 June 2017 and the date of this Bidder's Statement, being 29 March 2018, appears in Attachment 2.

Bullseye Shareholders are encouraged to monitor announcements made to the ASX after the date of this Bidder's Statement for updates regarding Red 5 and its activities.

## 10.8 Corporate Governance

The Red 5 Group has adopted corporate governance policies (**Corporate Governance Policies**) in order to implement and maintain a culture of good corporate governance practices both internally and in its external dealings. In adopting the Corporate Governance Policies the Red 5 Board is mindful of the Revised Corporate Governance Principles and Recommendations (Third edition) published by the ASX (**ASX Guidelines**).

The Corporate Governance Policies are available in the corporate governance section of Red 5's web-site at <http://www.red5limited.com>.

## 10.9 Interests of Red 5 Directors in Red 5 Shares

The table below shows the interests of the directors of Red 5 in Red 5 Shares at the date of this Bidder's Statement. All percentages are shown based on an undiluted position.

Name	Number of Red 5 Shares held prior to Offer	% of Red 5 Shares held prior to Offer
Kevin Dundo	1,430,409	0.12%
Mark Williams	5,009,294	0.40%
Ian Macpherson	459,957	0.04%
John Colin Loosemore	6,824,212	0.55%

**Notes:** Mark Williams hold interests in 11,616,400 Performance Rights in Red 5.

# Bidder's Statement

## 10.10 Remuneration of Red 5 Directors

The Constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$500,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Details of remuneration (including any contingent or deferred compensation) and benefits provided to Directors and their associated entities during the past two financial years is as follows:

### 1 July 2015 to 30 June 2016

Directors	Director's Fees/Salaries \$	Superannuation \$	Other \$	Total \$
Kevin Dundo	95,000	9,025		104,025
Mark Williams	450,000	45,173	424,384	919,557
Ian Macpherson	80,000	7,600		87,600
John Colin Loosemore	70,000	6,650		76,650
<b>Total</b>	<b>695,000</b>	<b>68,448</b>	<b>424,384</b>	<b>1,187,832</b>

### 1 July 2016 to 30 June 2017

Directors	Director's Fees/Salaries \$	Superannuation \$	Other \$	Total \$
Kevin Dundo	90,000 <sup>1</sup>	8,550		98,550
Mark Williams	450,000	35,000	207,688	692,688
Ian Macpherson	85,000	8,075		93,075
John Colin Loosemore	75,000 <sup>2</sup>	7,125		82,125
<b>Total</b>	<b>700,000</b>	<b>58,750</b>	<b>207,688</b>	<b>966,438</b>

**Notes:** 1. Of which \$22,500 was satisfied by the issue of Red 5 Shares.  
2. Of which \$18,750 was satisfied by the issue of Red 5 Shares.

### 1 July 2017 to 31 March 2018

Directors	Director's Fees/Salaries \$	Superannuation \$	Other \$	Total \$
Kevin Dundo	82,500 <sup>1</sup>	7,838		90,338
Mark Williams	344,563	25,000	78,909 <sup>4</sup>	448,472
Ian Macpherson	73,750 <sup>2</sup>	7,006		80,756
John Colin Loosemore	66,250 <sup>3</sup>	6,294		72,544
<b>Total</b>	<b>567,063</b>	<b>46,138</b>	<b>78,909</b>	<b>692,110</b>

**Notes:** 1. Of which \$22,500 was satisfied by the issue of Red 5 Shares.  
2. Of which \$21,250 was satisfied by the issue of Red 5 Shares.

# Bidder's Statement

3. Of which \$18,750 was satisfied by the issue of Red 5 Shares.
4. Performance Rights approved by shareholders and issued in September 2017.

## 10.11 Disclosure of fees or benefits received by certain persons

Except as set out in this Bidder's Statement, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement holds, or held at any time during the last two years, any interest in:

- (a) the formation or promotion of Bidder or Red 5;
- (b) property acquired or proposed to be acquired by Bidder or Red 5 in connection with its formation or promotion or the Offer; or
- (c) the Offer of Red 5 Shares.

Except as set out in this Bidder's Statement, no person has paid or agreed to pay an amount and no person has given or agreed to give any benefit to any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement for services provided in connection with the formation or promotion of Bidder, Red 5 or the Offer.

HopgoodGanim Lawyers has acted as legal advisor to Red 5 in relation to the Offer. Professional fees of approximately \$120,000 are payable to HopgoodGanim Lawyers in connection with the Offer.

Hartleys Limited has acted as corporate advisor to Red 5 in relation to the Offer. Professional fees of approximately \$5,000 per month are payable to Hartleys Limited under the terms of its corporate advisory mandate.

## 10.12 Consents

The following persons have given and have not, before the date of this Bidder's Statement, withdrawn their consent to the following in this Bidder's Statement in the form and context in which it appears, and to all references in this Bidder's Statement to that information in the form and context in which it appears:

- (a) HopgoodGanim Lawyers, to be named as legal advisor to Red 5;
- (b) Hartleys Limited as corporate advisor to Red 5; and
- (c) Security Transfer Australia Pty Ltd, to be named as the Share Registry.

To the maximum extent permitted by law, HopgoodGanim Lawyers, Hartleys Limited and Security Transfer Australia Pty Ltd expressly disclaim and take no responsibility for any part of this Bidder's Statement, other than a reference to their respective names.

## 10.13 Competent person statement

Mr Byron Dumpleton confirms that he is the Competent Person for the Exploration Results and the open pit and underground Mineral Resource estimates summarised in this report and Mr Dumpleton has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).

Mr Dumpleton is a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the report and to the activity for which he is accepting responsibility. Mr Dumpleton is a

# Bidder's Statement

Member of the Australian Institute of Geoscientists, No. 1598. Mr Dumpleton has reviewed the document to which this Consent Statement applies. Mr Dumpleton is a full time employee of Red 5. Mr Dumpleton verifies that the Exploration Results and Mineral Resource estimate section of this report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to open pit and underground Mineral Resource estimate.

Mr Steve Tombs confirms that he is the Competent Person for the open pit and underground Ore Reserves estimates summarised in this report and Mr Tombs has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Tombs is a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the document and to the activity for which he is accepting responsibility. Mr Tombs is a Fellow of the Australasian Institute of Mining and Metallurgy, No. 105785. Mr Tombs has reviewed the report to which this Consent Statement applies. Mr Tombs is a full time employee of Red 5. Mr Tombs verifies that the Ore Reserve section of this report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to the open pit and underground Ore Reserves.

## 10.14 **Stock exchange announcements**

A list of announcements made by Red 5 to the ASX between 30 June 2017 and the date of this Bidder's Statement is set out in Attachment 2. This information may be relevant to your assessment of the Offer. Copies of the announcements are available from the ASX or at <http://www.red5limited.com>.

## 10.15 **Offering language for particular Foreign Shareholders / Notice to shareholders resident outside Australia**

This Bidder's Statement and the Offer do not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Bidder's Statement may not be distributed to any person, and the Red 5 Shares may not be offered or sold, in any country outside Australia except to existing Bullseye shareholders and to the extent permitted below.

### **China**

The information in this document does not constitute a public offer of the Red 5 Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Red 5 Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors", sovereign wealth funds and quasi-government investment funds.

### **Guernsey**

No offer or invitation to subscribe for Red 5 Shares may be made to the public in the Bailiwick of Guernsey.

### **Hong Kong**

WARNING - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public

# Bidder's Statement

for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document which is or contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Copies of this document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this document, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of Bullseye shareholders in connection with the Offer, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong. Only the person to whom a copy of this document has been issued may take action in response to this document. The Offer is personal to the person to whom this document has been delivered, and an acquisition or subscription for securities under the Offer will only be accepted from such person.

This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offer by the person to whom this document is addressed.

## **Ireland**

This document does not constitute a prospectus under any Irish laws or regulations and has not been filed with, or approved by, any Irish regulatory authority as this document has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations").

The Red 5 Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 150 natural or legal persons who are not qualified investors.

## **Singapore**

This document has not been lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore ("MAS") and therefore, the statutory liability under the Securities and Futures Act (Cap. 289) ("SFA") in relation to the content of prospectuses will not apply. The MAS assumes no responsibility for the contents of this document. The MAS has not in any way considered the merits of the Red 5 Shares being offered pursuant to the Offer as described in this document. You should consider carefully whether this offer is suitable for you.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Red 5 Shares may not be circulated or distributed, nor may Red 5 Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption set out in section 273(1)(b) of the SFA or otherwise in accordance with any other relevant exemption under the SFA.

Any offer of Red 5 Shares is personal to you, as a current shareholder of Bullseye, and is not made to you with a view to the securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

# Bidder's Statement

## **United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Red 5 Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) and to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Red 5 Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Red 5 Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to Red 5.

In the United Kingdom, this document is being distributed only to, and is directed at, persons to whom it may lawfully be made within the circumstances described in Article 62 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "FPO") (members of certain bodies corporate), (ii) Article 67 of the FPO (promotions required or permitted by market rules) or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **10.16 Further information**

Further information about Red 5 can be found on Red 5's web-site at <http://www.red5limited.com>.

### **10.17 Other material information**

Except as disclosed in this Bidder's Statement, there is no other material information known to Bidder or Red 5 which is material to the making of the decision by a Bullseye shareholder as to whether to accept the Offer.

The Corporations Act only requires that Bidder disclose information which is as up to date as is reasonable in the circumstances. Further, Bidder is not required to disclose information in this Bidder's Statement if it would be unreasonable to require Bidder to do so because the information had previously been disclosed to holders of Bullseye Shares.

### **10.18 Costs and expenses**

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer contained within, and all transfer duty or brokerage charges payable on transfer of your Bullseye Shares will be paid by the Bidder.

### **10.19 Governing Law**

This Bidder's Statement and Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Western Australia.



# Bidder's Statement

## 11. Definitions and interpretations

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### 11.1 Defined Terms

In this Offer, the following words have these meanings unless the contrary intention or the context otherwise requires:

**Acceptance Form** means the form of acceptance and transfer enclosed with this Bidder's Statement and forms part of the Offer (the Instructions on which are for guidance only and do not form part of this Offer).

**Announcement Date** means the date on which the Offer was announced to ASX by Red 5, namely 19 February 2018.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means the ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532, the body which administers CHES.

**ASTC Settlement Rules** means the settlement rules of ASTC.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Official Listing Rules of ASX.

**A\$ or \$** means Australian dollars.

**Bid or Takeover Bid** means an off-market bid by Bidder for all Bullseye Shares under Chapter 6 of the Corporations Act.

**Bidder** means Opus Resources Pty Ltd ACN 099 235 533, a wholly-owned subsidiary of Red 5.

**Bid Condition** means each condition set out under Section 9.2.

**Bidder's Statement** or **Statement** means this document, being the statement of the Bidder including any supplementary bidder's statements, under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

**Board of Bullseye** or **Bullseye's Board** means the board of directors of Bullseye.

**Board of Red 5** or **Red 5's Board** means the board of directors of Red 5.

**Broker** means a member organisation admitted to participate in the CHES under the ASTC Settlement Rules.

**Bullseye** or **Target** means Bullseye Mining Limited ACN 118 341 736.

**Bullseye 2017 Annual Report** means the financial statements of Bullseye for the year ended 30 June 2017, as lodged with ASIC on 31 October 2017.

**Bullseye Options** means the options as described in Section 5.4.

**Bullseye Shareholder** means a holder of Bullseye Shares.

**Bullseye Shares** or **Shares** means the issued fully paid ordinary shares in the capital of Bullseye and includes all Rights attaching to them and the term Bullseye Share or Share shall have a corresponding meaning.

# Bidder's Statement

**Bullseye's Target Statement** means the Target's Statement to be issued by Bullseye in response to this Bidder's Statement as required under the Corporations Act.

**Bullseye Performance Rights** means the performance rights as described in Section 5.4.

**Business Day** means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday.

**CGT** means Capital Gains Tax.

**CHES** means Clearing House Electronic Subregister System, which provides for the electronic transfer of securities in Australia.

**CHES Subregister** has the meaning set out in the ASTC Settlement Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Darlot Share Acquisition Agreement** means the agreement dated 3 August 2017 for the acquisition by the Bidder of all of the shares in Darlot Mining Company Pty Ltd from the Darlot Vendor.

**Darlot Vendor** means Darlot Holding Company Pty Ltd ACN 165 234 300.

**Directors** means the directors of Bullseye from time to time.

**DMIRS** means the Department of Mines, Industry Regulation and Safety.

**Encumbrance** means an interest or power:

- (a) reserved in or over any interest in any asset including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and includes any agreement to grant or create any of the above.

**Foreign Shareholder** has the meaning set out in section 9.11.

**Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.

**Ineligible Foreign Shareholders** has the meaning given in section 9.11.

**Instructions** means those instructions on how to accept the Offer set out more particularly on the Acceptance Form.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (as amended or replaced from time to time).

**KotH** means King of the Hills.

**KotH Tenement Acquisition Agreement** means the agreement dated 3 August 2017 for the acquisition by Greenstone Resources (WA) Pty Ltd (a wholly owned subsidiary of Red 5) of the King of the Hills project from the Saracen Vendor.

# Bidder's Statement

**Merged Group** means Red 5 and its affiliated companies (including Bullseye and Bullseye's subsidiaries) which will exist as a result of the takeover bid as constituted by this Offer, should the Offer be 100% successful.

**Offer** means the Bidder's offer to acquire Bullseye Shares as contained in Section 9 of this Bidder's Statement.

**Offer Date** means the date on which the Offer was first made to shareholders of Bullseye, namely 12 April 2018.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with Section 9.4 of this Bidder's Statement.

**oz** means ounces.

**pa** means per annum.

**Philippine Gold Operations** means Red 5's interest in the Siana gold project and the Mapawa gold projects as described in Section 0 of the Bidder's Statement.

**Prescribed Occurrence** means the occurrence of any of the following:

- (a) Bullseye converts all or any of its shares into a larger or smaller number of shares;
- (b) a member of the Bullseye Group resolves to reduce its share capital in any way;
- (c) a member of the Bullseye Group:
  - (1) enters into a buy-back agreement;
  - (2) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act; or
  - (3) a member of the Bullseye Group issues Shares, or grants an option over its Shares, or agrees to make such an issue or grant such an option;
- (d) a member of the Bullseye Group issues, or agrees to issue, convertible notes;
- (e) a member of the Bullseye Group disposes, or agrees to dispose, of the whole, or a substantial part, of the Bullseye Group's business or property;
- (f) a member of the Bullseye Group resolves to be wound up;
- (g) a liquidator or provisional liquidator of a member of the Bullseye Group is appointed;
- (h) a court makes an order for the winding up of a member of the Bullseye Group;
- (i) an administrator of a member of the Bullseye Group is appointed under sections 436A, 436B or 436C of the Corporations Act;
- (j) a member of the Bullseye Group executes a deed of company arrangement;
- (k) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of a member of the Bullseye Group; or
- (l) a member of the Bullseye Group grants or agrees to grant an Encumbrance in or over the whole, or a substantial part, of the Bullseye Group's business or property.

# Bidder's Statement

**Public Authority** means any federal, provincial, state or other government, governmental or public department, court, tribunal, administrative, statutory or judicial entity, arbitral body, securities commission or stock exchange (such as ASX).

**Red 5** or the **Company** means Red 5 Limited ACN 068 647 610.

**Red 5 Group** or **Group** means Red 5 and its affiliated companies.

**Red 5 Shareholder** means a holder of Red 5 Shares.

**Red 5 Shares** means ordinary fully paid shares in Red 5.

**Register** means the Register of Bullseye Shareholders maintained by Bullseye in accordance with the Corporations Act.

**Register Date** means 5.00 pm WST on 4 April 2018, being the time and date set by the Bidder under section 633(2) of the Corporations Act.

**Regulatory Approvals** means any consent, registration, filing, agreement, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Governmental Agency necessary to implement the Offer.

**Rights** means all accretions, rights or benefits of whatever kind attaching to or arising from Bullseye Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by Bullseye or any of its subsidiaries.

**SAMREC** means the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code), 2016 Edition.

**Saracen Vendor** means Saracen Metals Pty Ltd ACN 107 154 727.

**subsidiary** shall have the meaning ascribed to it in the Corporations Act.

**Takeovers Panel** means the takeovers panel having powers under Part 6.10 of the Corporations Act.

**Target's Statement** shall have the meaning given to it in the Corporations Act.

## 11.2 Interpretation

Terms used in this Bidder's Statement and Offer have the meaning (if any) given to them in Chapter 6 of the Corporations Act unless that meaning is inconsistent with the context in which the term is used.

In this Offer unless the context otherwise requires:

- (a) headings are for convenience of reference only and do not affect the meaning of the sections they introduce;
- (b) the singular includes the plural and vice versa;
- (c) words importing any gender include all other genders;
- (d) references to persons include corporations;
- (e) appendices and annexures to this Offer form part of this Offer;

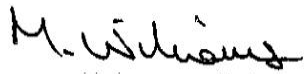
## Bidder's Statement

- (f) references to paragraphs are to paragraphs in this Offer; and
- (g) references to "dollar" or "\$" are references to Australian currency.

### **Approval of Bidder's Statement**

This Bidder's Statement has been approved by a unanimous resolution passed by the directors of the Bidder.

Dated 29 March 2018



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Director  
Mark Williams

# Bidder's Statement

## Attachment 1: Corporate directory - Red 5

<b>Directors</b>	<b>Solicitors to the Company</b>
Kevin Dundo (Chairman) Mark Williams (Managing Director) Colin Loosemore (Non-Executive Director) Ian Macpherson (Non-Executive Director)	HopgoodGanim Lawyers Level 27, Allendale Square 77 St Georges Terrace Perth Western Australia 6000
<b>Company Secretary</b>	<b>Corporate Advisor</b>
Frank Campagna	Hartleys Limited Level 6, 141 St Georges Terrace Perth Western Australia 6000
<b>Registered office</b>	<b>Share registry</b>
Level 2 35 Ventnor Avenue West Perth Western Australia 6005 Telephone: + 61 8 9322 4455 Facsimile: +61 8 9481 5950 Web-site: <a href="http://www.red5limited.com">www.red5limited.com</a>	Security Transfer Australia Pty Ltd  Suite 1, 770 Canning Highway Applecross Western Australia 6153 Telephone: 1300 992 916 Overseas: +61 3 9628 2200 Facsimile: +61 8 9315 2233 Email: <a href="mailto:registrar@securitytransfer.com.au">registrar@securitytransfer.com.au</a> Web-site: <a href="http://www.securitytransfer.com.au">www.securitytransfer.com.au</a>

# Bidder's Statement

## Attachment 2: Announcements in relation to Red 5 since 30 June 2017

Date	Heading
26 March 2018	Full processing operations resumed at Darlot mine
23 March 2018	Appendix 3B - performance rights
20 March 2018	Darlot Mill Update
13 March 2018	Half year results and March 2018 Quarter guidance
13 March 2018	Half Year Accounts
22 February 2018	RIU Explorers Conference presentation
22 February 2018	High grade drilling results at Darlot Gold Mine
19 February 2018	Intention to make Takeover Bid for Bullseye Mining Limited
31 January 2018	Quarterly cash flow report
31 January 2018	Quarterly activities report
21 December 2017	Maiden JORC 2012 Resource and Reserve for Darlot Gold Mine
22 November 2017	Results of annual general meeting
22 November 2017	AGM presentation
22 November 2017	AGM chairman's address
31 October 2017	Quarterly cash flow report
30 October 2017	Investor presentation
27 October 2017	Quarterly activities report
18 October 2017	Notice of annual general meeting
18 October 2017	Appendix 4G and corporate governance statement
18 October 2017	Red 5 2017 annual report
10 October 2017	Change in substantial holding
6 October 2017	Change of directors interest notices
5 October 2017	Appendix 3B - share allotment
5 October 2017	Change in substantial holding
5 October 2017	Philippines DENR Secretary confirmation
3 October 2017	Notice of initial substantial shareholding from RED
3 October 2017	Becoming a substantial shareholder from SAR
3 October 2017	Change of directors interest notices
3 October 2017	Change in substantial holding
3 October 2017	Ceasing to be a substantial holder
2 October 2017	Notice of initial substantial shareholding
2 October 2017	Appendix 3B and Section 708A notice
2 October 2017	Red 5 to join ranks of Australian gold producers
29 September 2017	Annual financial statements
28 September 2017	Non-renounceable rights issue results
26 September 2017	Denver Gold Forum presentation
22 September 2017	Appendix 3B - performance rights
21 September 2017	Non-Cash Asset Impairment Expense - Siana Gold Project

## Bidder's Statement

<b>Date</b>	<b>Heading</b>
20 September 2017	Shareholder support for project acquisitions
20 September 2017	Results of general meeting
20 September 2017	Chairman's address for shareholders meeting
13 September 2017	Becoming a substantial holder
25 August 2017	Despatch of offer document
18 August 2017	Letter to shareholders
17 August 2017	Rights Issue Offer Document
17 August 2017	Non-renounceable rights issue
17 August 2017	Notice of general meeting
11 August 2017	Change of directors interest notice
11 August 2017	Appendix 3B - vesting of service rights
3 August 2017	Investor presentation - new growth strategy
3 August 2017	Eastern Goldfields Consolidation Strategy
3 August 2017	Trading Halt
31 July 2017	Quarterly cash flow report
31 July 2017	Quarterly activities report

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ISSUER SPONSORED ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

# OPUS RESOURCES PTY LTD

(Wholly-owned subsidiary of Red 5 Limited)

ACN 099 235 533

**REGISTERED OFFICE:**  
LEVEL 2  
35 VENTNOR AVENUE  
WEST PERTH WA 6005

All Correspondence to:

Security Transfer Australia Pty Ltd  
PO Box 535  
Applecross WA 6953

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Holder Number:

«Holder\_Number»

Your total holding of Bullseye Mining Limited Shares as at 5:00pm (WST) on 4 April 2018:

«Securities\_1»

Shares to be issued as consideration on the basis of 1 Red 5 Limited Share for every 5 Bullseye Shares held:

«Consideration\_\_\_\_\_»

**Use this form to accept the Opus Resources Pty Ltd (a wholly-owned subsidiary of Red 5 Limited) Offer to acquire all of your Bullseye Mining Limited Shares.**

If any of the above details are incorrect, please amend them and initial the alterations.

By signing in the box below you accept the Offer from Opus Resources Pty Ltd a wholly-owned subsidiary of Red 5 Limited ("Opus Resources") on the terms and conditions of the Offer (as set out in the Bidder's Statement from Opus Resources dated 29 March 2018, as replaced or supplemented) and you acknowledge the effect of your acceptance is as set out in Section 9.8 of Opus Resources Bidders Statement (including that you agree to transfer all of your Bullseye Mining Limited Shares to Opus Resources in return for the consideration to be provided to you pursuant to the Offer).

**SECURITY HOLDER(S) SIGNATURE(S)** This section must be signed for your instructions to be executed.

Individual/Security Holder 1

Sole Director & Company Secretary

Individual/Security Holder 2

Director/Company Secretary

Individual/Security Holder 3

Director

**Individual/Joint Holding:** This form must be signed by all securityholders. **Power of Attorney:** To sign as power of attorney, you must have already lodged it with the registry. Alternatively, attach a certified copy of the power of attorney to this form. **Companies:** This form must be signed in accordance with the company's constitution and the Corporations Act 2001 and attested by two directors (or a director and a secretary) or by a sole director/company secretary. Please indicate the office held by signing in the appropriate space.

My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

(  )

**You must complete, sign and return this Issuer Sponsored Acceptance Form to one of the addresses shown overleaf BEFORE the Offer closes.**

**Your acceptance must be received by us no later than 5.00pm WST on the last day of the Offer Period**

REGISTRY DATE STAMP

E & O.E.



## HOW TO ACCEPT THE OFFER

Please refer to Section 9.5 of Opus Resources Bidder's Statement and the definitions in the Bidder's Statement. Terms defined in the Bidder's Statement have the same meanings when used in this form. If you have any queries about how to accept the Offer or about how to complete this Acceptance Form, please contact your financial advisor or the Red 5 Limited Share Registry on 1300 992 916.

Sold all your Bullseye Mining Limited Shares? – if you have sold all your Bullseye Mining Limited Shares, you need not take any further action. We suggest you destroy this form for security reasons.

## SIGNING INSTRUCTIONS

**Individuals** - where the holding is in one name, the registered holder must sign.

**Joint holdings** - where the holding is in more than one name, all of the securityholders should sign.

**Companies** - this form must be signed by a Director jointly with either another Director or a Company Secretary. Alternatively, where the company has a Sole Director who is also the Sole Company Secretary, this form may be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary; a Sole Director may also sign alone. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Power of Attorney** - if you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

## LODGEMENT INSTRUCTIONS

If you wish to accept the offer, you must complete this Acceptance Form and it must be mailed, delivered or faxed to the below address:

### Security Transfer Australia Pty Ltd

PO BOX 535

Applecross, Western Australia 6953

### Street Address:

Alexandrea House, Suite 1

770 Canning Highway

Applecross, Western Australia 6153

### Facsimile:

+61 8 9315 2233

### Email:

registrar@securitytransfer.com.au

***Your acceptance must be received by Security Transfer Australia Pty Ltd no later than 5.00pm WST on the Closing Date.***

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## ENQUIRIES

All enquiries should be directed to Red 5 Limited's share registry:

**Security Transfer Australia Pty Ltd**

**PO Box 535, Applecross WA 6953 AUSTRALIA**

**770 Canning Highway, Applecross WA 6153 AUSTRALIA**

**Telephone 1300 992 916**

**Facsimile +61 8 9315 2233**

**Email: registrar@securitytransfer.com.au**

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## PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

