

12 March 2020

## Red 5 Announces Interim Financial Results and Updates March Quarter and Full Year 2020 Guidance

Red 5 Limited (ASX: RED) (“Red 5” or “the Company”) today announced its financial results for the half-year ended 31 December 2019.

### Summary

- Sales revenue of \$105.31 million for the half year.
- Combined gold production from Darlot and King of the Hills of 51,995oz and gold sales of 52,664oz.
- Gross profit from operations of \$24.14 million.
- Net profit after income tax of \$8.24 million.
- Net cash flow from operating activities of \$32.69 million.
- \$26.56 million in cash and bullion at period end (cash: \$20.65 million; bullion: \$5.91 million) after investing \$26.24 million in exploration and development activities during the period.
- \$5 million final deferred purchase payment paid to Gold Fields in the reporting period.
- Updated production guidance for March 2020 Quarter and FY 2020.

Red 5 maintained steady-state production during the six months to 31 December 2019, following the successful ramp-up of gold production at the Darlot and King of the Hills (KOTH) gold mines in the Eastern Goldfields of Western Australia last year.

The Company delivered total gold production of 51,995 ounces for the first half of the 2020 financial year, recovered from 477,079 tonnes of ore processed at an average head grade of 3.64g/t Au.

Combined production from the two mines underpinned sales revenue of \$105.31 million for the half year, resulting in a gross profit from operations of \$24.14 million and a net profit after income tax of \$8.24 million.

Red 5 invested \$26.24 million in exploration and development activities, with the primary focus being on the evaluation of a stand-alone bulk mining operation at KOTH. The Final Feasibility Study is on-track for release in the September 2020 Quarter. The Company’s cash and bullion balance at the end of the reporting period was A\$26.56 million.

### Outlook and Guidance Update

Production for the March 2020 Quarter is expected to be in the range of 20,000 to 22,000 ounces, compared to previous guidance of between 25,000 to 29,000 ounces. Full-year production for the 2020 financial year is expected to be within the range of 100,000 to 105,000 ounces, compared to previous guidance of 110,000 to 120,000 ounces.

Production for the March 2020 quarter has been affected by short-term crusher and ball mill performance issues. These have now been resolved and the mill performance reliability has increased, as reflected by recent daily mill throughput records achieved in March 2020.

**Red 5 Limited**

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ASX: **RED**

Shares on issue: **1,245M**

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Production has also been affected by lower grade than planned in the quarter, which reflects an increased focus on large bulk stopes at KOTH rather than on existing higher-grade narrow ore sources. The transition to large-scale underground mining forms part of the overall plan to transform KOTH into a long-term bulk mining operation and stand-alone mill.

The Company has implemented several operating initiatives to ensure that the revised annual guidance for FY2020 is achieved, including:

- Revision of mining plans at both KOTH and Darlot to ensure improved mine grades;
- Addition of a small second jumbo to access high-grade orebodies at the Darlot underground; and
- A review of KOTH airleg resources to increase airleg production to allow high volume delivery of high-grade narrow vein material.

At the updated guidance range for the March 2020 Quarter and for the full-year 2020, quarterly AISC is expected to be in the range of A\$1,800 – A\$1,950 per ounce, and for the full year AISC is expected to be in the range A\$1,550 – A\$1,600 per ounce.

### **Management Comment**

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

*“The first half saw a strong operational and financial performance by Red 5. Our ability to maintain steady-state production from both Darlot and King of the Hills (KOTH) underground mines, allowed us to generate substantial revenues, deliver strong operating cash-flows and post an \$8.24 million net profit after income tax for the half-year.*

*“Operating cash flow generation from our Western Australian mining operations has provided a platform to fund the expansive exploration and KOTH Final Feasibility Study (FFS) program, aimed at elevating Red 5 into the ranks of Australia's multi-asset, mid-tier gold miners.*

*“We invested over \$26 million in exploration and development activities during the reporting period, primarily on the major resource expansion and in-fill drilling program at KOTH, near-mine and regional exploration at KOTH and Darlot and the FFS on a stand-alone bulk mining operation at KOTH. The FFS is on track for completion in the September 2020 Quarter.*

*“This substantial investment in the organic growth of our business provides Red 5 with a unique foundation from which to continue to deliver on our medium and long-term growth strategy.”*

**ENDS**

Authorised for release by the Board

For more information:

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