

31 August 2021

Full Year Financial Results for 12 Months to 30 June 2021

Key highlights

- Sales revenue of \$173.4 million.
- Gold production from the Darlot processing plant of 76,104oz and gold sales of 75,907oz.
- Net cash flow from operating activities of \$14.6 million.
- Underlying EBITDA¹ of \$11.7 million, gross profit from operations of \$2.3 million.
- Financial close achieved for the \$175 million Project Finance Facility for the King of the Hills (KOTH) Project. First draw-down completed in July 2021.
- Red 5 had \$21.4 million in cash and bullion at 30 June 2021, plus an additional \$28.5 million in restricted cash (relating to the KOTH Project Debt Financing).
- Subsequent to year-end, Red 5 announced a Binding Agreement to divest the Siana Gold Project (Siana) in the Philippines on 29 July 2021.
- Red 5 incurred a net loss from continuing operations after income tax of \$9.5 million and a net loss after adjusting for discontinued operations of \$43.2 million:
 - Discontinued operations refers to Siana, which has an impairment adjustment of \$26.6 million (with no recognition of value for the future Siana Royalty under accounting standards) and Siana FY21 care and maintenance costs.
 - Red 5 notes that there is a \$26.3 million foreign currency translation reserve for the Siana-related assets at 30 June 2021, which will be recognised as profit once financial close is achieved (expected in the September Quarter 2021). This positive profit adjustment will be accounted for in the financial results for the year ended 30 June 2022.

Red 5 Limited (ASX: RED) ("Red 5" or "the Company") today announces its financial results for the year ended 30 June 2021 (FY21).

FY21 was a significant period of growth and development for Red 5, with the development of the KOTH Gold Project approved. At 30 June 2021, Red 5 had invested \$79.5 million for construction at KOTH, with first gold at KOTH expected in the June Quarter 2022.

During the 12 months ending 30 June 2021, the Darlot processing plant produced 76,104oz of gold, recovered from 984,220 tonnes of ore processed at an average head grade of 2.63g/t Au. In the first half of the financial year, ore was sourced from the Darlot underground mine and KOTH underground mine. In the March Quarter 2021, the KOTH underground mine was placed on care and maintenance to preserve the ore for processing through the new KOTH processing plant. The mill feed from KOTH was replaced by ore from the Great Western satellite open pit.

¹ Underlying EBITDA is an unaudited non-IAFRS measure

Red 5 Limited

Gold sales of 75,907oz for the year underpinned sales revenue of \$173.3 million, resulting in a gross profit from operations of \$2.3 million and a net loss from continuing operations after income tax of \$9.5 million.

On 29 July 2021, Red 5 announced a Binding Agreement to divest Siana to TVI Resource Development (Phils.) Inc (TVIRD). Key details of this agreement included:

- US\$19.0 million cash (A\$25.7 million equivalent) payable upon financial close;
- Net Smelter Return royalty of 3.25% payable for up to 619,000 ounces of gold, with an estimated future face value of US\$36.0 million (based on a US\$1,800/oz gold price) (Royalty);
- TVIRD is in the advanced stages of securing funding to restart the Siana gold mine, which is expected to re-commence operations in the first half of 2023;
- Red 5 and TVIRD are close to completing financial close.

At 30 June 2021, the Company had total cash and cash equivalents of \$21.4 million, and an additional \$28.5 million in restricted cash. There are no hedge commitments outstanding for the Darlot operations. For the KOTH Project, the Company has hedging in place of 189,651 gold ounces at an average hedge price of A\$2,154 per ounce.

The Company has available tax losses of \$27.0 million at 30 June 2021.

Commenting on the full year financial results and outlook, Red 5's Managing Director, Mark Williams, said:

"The past financial year has been an important period of development, growth and operational transition for Red 5, laying the foundations for the Company to achieve its objective of becoming a leading mid-tier Australian gold producer. This will be underpinned by the successful development and delivery of what is expected to be Australia's next major gold mine – our flagship King of the Hills (KOTH) project in WA's Eastern Goldfields.

"The Company posted positive operating cash-flow, underlying EBITDA and gross profit from the Darlot Operations for the year, despite the challenges we experienced during the year with the ramp-up at the Great Western open pit and mining remnant material at Darlot.

"Looking ahead, our key focus is the completion and start-up of the KOTH Project and the implementation of our new Darlot mine plan and KOTH Hub Strategy. Together, this will see Red 5 elevated as a mid-tier gold producer and will mark the beginning of an exciting new chapter in our history."

ENDS

Authorised for release by the Board.

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JORC 2012 Mineral Resource and Ore Reserves

Red 5 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

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

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