

## Half-Year Financial Results for 6 Months to 31 December 2023

Strong operational performance underpins first-half profit

### Summary

- Gold production of 108,027oz and gold sales of 107,470oz for six months to 31 December 2023 (1HFY23: 62,944oz and 63,105oz).
- Sales revenue of \$283.5 million, up 77% from \$159.8 million in 1HFY23.
- Net profit after income tax of \$29.0 million (1HFY23: loss of \$28.5 million).
- Net cash inflow before financing of \$49.3 million.
- \$53.3 million cash and liquid assets\* at period-end.
- Red 5 and Silver Lake Resources announced a proposed merger, subsequent to end of the reporting period, which would create a ~445kozpa diversified, leading mid-tier gold company with a strong balance sheet to underpin growth.

(\*) Cash and liquid assets balance is a non-IFRS measure.

Red 5 Limited (ASX: RED) (“Red 5” or “the Company”) is pleased to report its financial results for the half-year ended 31 December 2023, underpinned by a strong operational performance at its King of the Hills (“KOTH”) and Darlot Gold Mines in Western Australia.

The reporting period saw the Company continue to make systematic improvements across its operations, with key process plant initiatives focused on improving the longer-term crushing reliability to support a 5.5Mtpa throughput rate. Ore feed was sourced from the KOTH open pit mine, the KOTH underground mine and the Darlot underground mine.

A total of 108,027 ounces of gold were recovered for the six months to 31 December 2023, from 2.47 million tonnes of ore processed at an average head grade of 1.47g/t Au. Gold sales of 107,470 ounces for the half-year underpinned a 77% increase in sales revenue to \$283.5 million. As a result of this improved operational performance, the Company posted a net profit after income tax of \$29.0 million. No tax expense was required to be recognised for the period due to the availability of un-recognised carry forward tax losses.

Activities in the KOTH open pit continued to focus on access to, and mining of, stage 1 ore. Good progress was also made on the stage 2 cutback, with consistently good digging conditions being experienced in the upper benches. Stage 2 waste stripping will continue for the next 24 months to ensure stable, long-term open pit ore supply.

Improvement initiatives implemented with the mining contractor during the 2023 financial year contributed to an improved mining performance at KOTH underground, with 502,000 ore tonnes mined in the current period. The Darlot mine continues to make a healthy contribution to the Group’s production and financial results following “right-sizing” improvements completed during calendar year 2023, with 358,000 ore tonnes mined.

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Investments in sustaining and growth initiatives for the period totalled \$45.0 million, reflecting expenditure of \$37.3 million on stage 2 waste stripping and underground mine development. Purchases of property, plant and equipment amounted to \$7.5 million, including the purchase of a mobile crusher and part payment for a spare mill motor ordered during the period. Depreciation and amortisation (“D&A”) charges against mine assets were \$57.7 million for the half. This was an increase of 95% on the previous corresponding period (\$29.5 million for 1HFY23) as a result of the increase in mining and production volumes and is more reflective of expected D&A charges going forward.

Net financing outflows for the period totalled \$41.1 million, relating primarily to repayments of borrowings for the KOTH plant construction of \$25.0 million, interest payments of \$5.3 million and lease liability payments of \$12.8 million.

The Company’s cash and liquid assets balance (non-IFRS) as at 31 December 2023 stood at \$53.3 million. Total liabilities were \$312.3 million, a decrease of \$28.1 million from 30 June 2023. This was mainly driven by repayment of borrowings and a reduction in lease liabilities.

On 5 February 2024, Red 5 and Silver Lake Resources Limited (ASX: SLR, “Silver Lake”) announced entry into a binding Scheme Implementation Deed under which the companies will merge via a Silver Lake Scheme of Arrangement (the “Transaction”) (see ASX Announcement dated 5 February 2023).

Under the terms of the Transaction, Red 5 will acquire 100% of shares in Silver Lake and each Silver Lake shareholder will receive 3.434 Red 5 shares for every Silver Lake share held. Upon implementation of the Transaction, Red 5 shareholders will own 51.7% of the merged entity.

The Transaction, which is currently scheduled to complete in May / June 2024, will create a leading diversified mid-tier gold company with annual gold production of ~445kozpa and a sector-leading balance sheet to pursue growth opportunities in Tier-1 jurisdictions.

Commenting on the December 2023 half-year results, Red 5’s Managing Director, Mark Williams, said:

*“The first half of FY2024 saw a solid operational performance which resulted in a strong financial performance. The increased gold production and sales flowed through to a 77% increase in sales revenue, strong cash in-flows and a bottom-line net profit that represents an almost \$50 million increase on the previous corresponding half.*

*“This operational performance enabled us to strengthen our balance sheet, with \$25 million in debt repaid in the period reducing our debt balance to \$102.8 million. This positions the business for longer term growth as the operations continue to hit their straps.*

*“Subsequent to the end of the reporting period, Red 5 announced a proposed merger of equals with Silver Lake Resources. This represents an exciting inflection point for Red 5 shareholders and follows the successful ramp-up at KOTH to achieve steady-state production. The merger would create a ~445kozpa diversified gold producer with quality growth assets in Tier-1 jurisdictions. With a sector-leading balance sheet, the merged company will be very well placed for future growth.”*

**ENDS**

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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.

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