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RED 5 LIMITED

ABN 73 068 647 610

AND CONTROLLED ENTITIES

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2014

CORPORATE DIRECTORY

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BOARD OF DIRECTORS

Kevin Dundo (Chairman)
Mark Williams (Managing Director)
Mark Milazzo (Non-executive Director)
Ian Macpherson (Non-Executive Director)
Colin Loosemore (Non-Executive Director)

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COMPANY SECRETARY

Frank Campagna

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REGISTERED OFFICE

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BANKERS

National Australia Bank Limited

AUDITORS

KPMG

SOLICITORS

Minter Ellison (Australia)
HopgoodGanim (Australia)
SyCip Salazar Hernandez & Gatmaitan (Philippines)

STOCK EXCHANGE LISTING

Shares in Red 5 Limited are quoted on:

ASX Limited
ASX code: RED

OTCQX International
Trading code: RDFLY

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**RED 5 LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

The directors of Red 5 Limited ("Red 5" or "parent entity") present their report on the results and state of affairs of Red 5 and its subsidiaries ("the Group" or the "consolidated entity") for the half year ended 31 December 2014.

DIRECTORS

The names of the directors of Red 5 in office during the course of the financial period and at the date of this report are as follows:

Kevin Anthony Dundo
Mark James Williams
Mark Francis Milazzo
Ian Keith Macpherson
John Colin Loosemore (appointed 12 December 2014)

Unless otherwise indicated, all directors held their position as a director throughout the entire financial period and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of Red 5 and the consolidated entity (which includes controlled entities of Red 5) during the financial period were related to the Siana gold project in the Philippines.

RESULTS OF OPERATIONS

The net loss of the consolidated entity after income tax was \$5,876,231 (2013: \$9,349,968).

REVIEW OF OPERATIONS

In April 2014, the Group was advised by the Philippines Department of Environment and Natural Resources (DENR) that the Cease and Desist Order (CDO) over the Siana gold mining operation would be lifted upon completion of the following three activities:

- Construction of a new High Density Poly Ethylene (HDPE) lined tailing storage facility for additional storage capacity and strength;
- Installation of a thickener and cement mixing facility to allow for production of dry tailings product with greater residual strength; and
- Necessary modifications to existing tailings storage facilities (TSF3 and TSF4) to accommodate the new thickened cement tailings.

Construction

The Group mobilised a construction team and was able to commence construction activities in June 2014.

The construction of the thickener and cement plant was completed in November 2014 at a total capital cost of A\$3.7 million. At the same time the Group undertook a systematic review of the electrical and mechanical equipment at the Siana processing plant and carried out maintenance and upgrade activities to ensure the plant would be ready for re-commissioning once the CDO was lifted.

The upgrade of the existing tailings storage facilities and construction of the new HDPE lined tailings storage facility were completed ahead of schedule before the end of December 2014, for a total capital cost of A\$12.1 million. The design and supervision of the construction activities were carried out by engineering consultants, Knight Piésold in compliance with:

- The Philippines Mines and Geoscience Bureau (MGB) standards for mine waste and mill tailings management.
- Australian National Committee on large dams' guidelines (ANCOLD).
- International Commission on large dams' guidelines (ICOLD).

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Mining

Preliminary mining activities commenced in June 2014 at the same time as construction activities began with the majority of the waste mined from the open pit used for the construction of the new and existing tailings facilities.

During this period, approximately 195,000 tonnes of ore at 2.43 g/t gold was stockpiled and available for the restart of milling operations as at the end of December 2014. This stockpile is expected to be sufficient for the re-commissioning of the plant and ore processing through the duration of the wet season to the end of April 2015. Mining activities during the wet season will focus on the western wall cut-back.

Future strategy

The focus for the remainder of the financial year will be:

- Completion of the commissioning of the thickener and cement plant and the new HDPE lined tailings storage facility.
- Proposed ramp up to full production capacity by the end of June 2015.
- Restart of exploration activities within the near mine Siana tenements and the Mapawa tenements located to the north of the Siana mine, subject to positive operating cash flows from gold mining operations.
- Technical and engineering reviews of the underground/open pit mining scenarios including proposed additional in-fill drilling of the open pit and underground resources as well as long-term tailings disposal infrastructure.

EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

In January 2015, the Group received formal notification from the Philippines Mines and Geosciences Bureau (MGB) that the Cease and Desist Order (CDO) over the processing operations at the Siana Gold Project was lifted. Gold production recommenced in January 2015 followed by the first gold sale shipment in early March 2015.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included immediately following the Directors' Report and forms part of the Directors' Report.

Signed in accordance with a resolution of the directors.



Kevin Dundo
Chairman

Perth, Western Australia
10 March 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Kpmc

KPMG

B + SA

Brent Steedman
Partner

Perth

10 March 2015

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**RED 5 LIMITED
AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

		CONSOLIDATED	
	NOTE	31.12.14 \$	31.12.13 \$
Continuing operations			
Revenue		-	-
Cost of sales	3(a)	<u>(3,662,577)</u>	<u>(4,345,350)</u>
Gross loss		(3,662,577)	(4,345,350)
Other income	3(b)	22,177	2,801,283
Administration and other expenses	3(c)	(2,550,684)	(2,287,904)
Exploration expenses		<u>(1,973)</u>	<u>(1,932)</u>
Operating loss before financing income/(expenses)		(6,193,057)	(3,833,903)
Financing income	3(d)	317,420	232,339
Financing expenses	3(d)	<u>(594)</u>	<u>(5,748,404)</u>
Net financing income/(expense)		<u>316,826</u>	<u>(5,516,065)</u>
Loss before income tax expense		(5,876,231)	(9,349,968)
Income tax (expense)/benefit		<u>-</u>	<u>-</u>
Net loss after income tax for the period		(5,876,231)	(9,349,968)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in foreign currency translation reserve		<u>23,343,179</u>	<u>652,073</u>
Total comprehensive income/(loss) for the period		<u>17,466,948</u>	<u>(8,697,895)</u>
Net loss after income tax attributable to:			
To non-controlling interest		(30,655)	(227,916)
To members of parent entity		<u>(5,845,576)</u>	<u>(9,122,052)</u>
		<u>(5,876,231)</u>	<u>(9,349,968)</u>
Total comprehensive loss attributable to:			
To non-controlling interest		529,581	(212,266)
To members of parent company		<u>16,937,367</u>	<u>(8,485,629)</u>
		<u>17,466,948</u>	<u>(8,697,895)</u>
		Cents	Cents
Basic and diluted loss per share (cents per share)	12	(0.77)	(2.55)

The accompanying notes form part of these interim financial statements.

**RED 5 LIMITED
AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	NOTE	CONSOLIDATED	
		31.12.14	30.06.14
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	17,619,948	37,913,020
Trade and other receivables	5	7,065,003	1,097,921
Inventory		<u>5,951,599</u>	<u>4,391,127</u>
TOTAL CURRENT ASSETS		<u>30,636,550</u>	<u>43,402,068</u>
NON-CURRENT ASSETS			
Receivables		4,053,714	6,711,804
Property, plant and equipment	6	86,172,852	60,066,493
Mine development expenditure	7	<u>103,292,919</u>	<u>92,073,157</u>
TOTAL NON-CURRENT ASSETS		<u>193,519,485</u>	<u>158,851,454</u>
TOTAL ASSETS		<u>224,156,035</u>	<u>202,253,522</u>
CURRENT LIABILITIES			
Trade and other payables		5,588,315	1,595,035
Employee benefits		90,994	72,745
Provisions		<u>1,116,104</u>	<u>1,116,104</u>
TOTAL CURRENT LIABILITIES		<u>6,795,413</u>	<u>2,783,884</u>
NON-CURRENT LIABILITIES			
Provisions		<u>2,295,001</u>	<u>1,876,474</u>
TOTAL NON-CURRENT LIABILITIES		<u>2,295,001</u>	<u>1,876,474</u>
TOTAL LIABILITIES		<u>9,090,414</u>	<u>4,660,358</u>
NET ASSETS		<u>215,065,621</u>	<u>197,593,164</u>
EQUITY			
Contributed equity	9	236,416,512	236,416,512
Other equity		930,285	930,285
Reserves	10	24,743,392	1,981,376
Accumulated losses		<u>(46,976,569)</u>	<u>(41,157,429)</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>215,113,620</u>	<u>198,170,744</u>
Non-controlling interest		<u>(47,999)</u>	<u>(577,580)</u>
TOTAL EQUITY		<u>215,065,621</u>	<u>197,593,164</u>

The accompanying notes form part of these interim financial statements.

**RED 5 LIMITED
AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

CONSOLIDATED	Attributable to equity holders of the parent entity					Total
	Issued capital	Other equity	Accumulated losses	Other reserves ⁽ⁱ⁾	Non- controlling interest	
	\$	\$	\$	\$	\$	
Balance at 1 July 2014	236,416,512	930,285	(41,157,429)	1,981,376	(577,580)	197,593,164
Net Loss	-	-	(5,845,576)	-	(30,655)	(5,876,231)
Other comprehensive income for the period	-	-	-	22,782,943	560,236	23,343,179
Total comprehensive income for the period	-	-	(5,845,576)	22,782,943	529,581	17,466,948
Shares issued during the period	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
Expired options – transfers from reserves	-	-	26,436	(26,436)	-	-
Issue of employee performance rights	-	-	-	5,509	-	5,509
Balance at 31 December 2014	236,416,512	930,285	(46,976,569)	24,743,392	(47,999)	215,065,621
Balance at 1 July 2013	177,124,726	930,285	(34,436,319)	9,027,489	(237,262)	152,408,919
Net Loss	-	-	(9,122,052)	-	(227,916)	(9,349,968)
Other comprehensive income for the period	-	-	-	636,423	15,650	652,073
Total comprehensive loss for the period	-	-	(9,122,052)	636,423	(212,266)	(8,697,895)
Shares issued during the period	62,396,300	-	-	-	-	62,396,300
Transaction costs	(3,092,100)	-	-	-	-	(3,092,100)
Expired options – transfers from reserves	-	-	-	-	-	-
Issue of employee performance rights	-	-	-	1,333	-	1,333
Balance at 31 December 2013	236,428,926	930,285	(43,558,371)	9,665,245	(449,528)	203,016,557

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

The accompanying notes form part of these interim financial statements.

**RED 5 LIMITED
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	CONSOLIDATED	
	31.12.14	31.12.13
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(4,022,170)	(11,005,220)
Interest received	422,788	103,656
Interest paid	(594)	(614,356)
Insurance claim receipts	-	2,729,893
Sundry receipts	22,177	71,390
	<u>(3,577,799)</u>	<u>(8,714,637)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for plant and equipment	(16,856,021)	(1,186,096)
Payments for development	(1,255,713)	(206,964)
	<u>(18,111,734)</u>	<u>(1,393,060)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of share capital	-	59,304,200
Repayment of borrowings	-	(22,509,581)
Proceeds from settlement of gold collar derivative	-	3,443,278
Finance facility expenses	-	(1,108,157)
	<u>-</u>	<u>39,129,740</u>
Net cash from financing activities		
Net (decrease)/increase in cash held	(21,689,533)	29,022,043
Cash at the beginning of the financial period	37,913,020	7,582,253
Effect of exchange rate fluctuations on cash held	1,396,461	49,882
	<u>17,619,948</u>	<u>36,654,178</u>
Cash at the end of the financial period		

The accompanying notes form part of these interim financial statements.

**RED 5 LIMITED
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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Red 5 Limited (“parent entity”) is a for profit company domiciled in Australia. The condensed consolidated half year financial report of the Company as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. The Group is primarily involved in the exploration and mining of gold.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 are available upon request from the Company’s registered office at Level 2, 35 Ventnor Avenue, West Perth, Western Australia.

Statement of Compliance

The condensed consolidated half year financial report is a general purpose financial report and has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial report as at and for the year ended 30 June 2014. The condensed consolidated half year financial report does not include full note disclosure of the type that would normally be included in the consolidated annual financial report, and should be read in conjunction with the consolidated annual financial report as at and for the year ended 30 June 2014. The condensed consolidated half year financial report should also be read in conjunction with any public announcements made by Red 5 Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Use of estimates and judgements

The preparation of the consolidated half year financial report in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the consolidated half year financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report as at and for the year ended 30 June 2014.

2. GOING CONCERN

The consolidated financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation and settlement of liabilities in the ordinary course of business.

For the half year ended 31 December 2014, the Group incurred a loss of \$5,876,231 (2013: loss of \$9,349,968) and had a net working capital surplus of \$23,841,137 (2013: surplus of \$40,162,062). For the past 6 months, the Group has focussed on completing the required construction activities at the Siana mine site as outlined by the Philippines Mines and Geosciences Bureau (MGB) with the objective to have the Cease and Desist Order (CDO) issued to the Group on 6 June 2013 lifted. Following a final visit and inspection by the MGB to the Siana mine site in November 2014, the Group received formal notification from the MGB in January 2015 that the CDO was lifted and gold ore mineral processing activities resumed at the Siana mine site in early January 2015.

Accordingly, the Group has commenced ramp up of production with the first gold sale shipment occurring early March 2015. The Directors are aware that the ability to continue as a going concern is primarily dependent upon the successful ramp up of production and sales of gold to achieve forecast cash flows.

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2. GOING CONCERN (continued)

Accordingly, the Board believes the going concern basis of preparation remains appropriate for the following reasons:

- The capital works requirements as outlined by the MGB have been fulfilled by the Group resulting in the lifting of the CDO;
- The gold reserves and resources are the same quantum and classification as to that prior to the CDO being issued;
- The ramp up of production leading to gold sales is on schedule; and
- The forecasted mine cash flows are positive for at least the next 12 months.

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		CONSOLIDATED	
		31.12.14	31.12.13
		\$	\$
3. REVENUE AND EXPENSES			
(a) Cost of sales ⁽ⁱ⁾			
Direct operating costs		(3,374,975)	(4,083,894)
Amortisation and depreciation		(287,602)	(258,810)
Other cost of sales		-	(2,646)
		<u>(3,662,577)</u>	<u>(4,345,350)</u>
(i) Cost of sales incurred for the period ended 31 December 2014 relate wholly to site care-and-maintenance.			
(b) Other income			
Insurance claim receipts		-	2,729,893
Sundry revenue		22,177	71,390
		<u>22,177</u>	<u>2,801,283</u>
(c) Administration and other expenses			
Superannuation contributions		(55,681)	(61,205)
Other employee and consultancy expenses		(1,103,471)	(1,061,344)
Occupancy costs		(160,717)	(148,091)
Regulatory expenses		(185,475)	(178,739)
Foreign exchange gains		1,094,616	112,931
Depreciation		(49,438)	(51,977)
Legal fees		(241,663)	(360,263)
Licenses and taxes expenses		(384)	(2,048)
VAT assessed unrecoverable		(1,320,471)	-
Other administration overheads		(528,000)	(537,168)
		<u>(2,550,684)</u>	<u>(2,287,904)</u>
(d) Financing income/(expenses)			
Interest received		317,420	232,339
		<u>317,420</u>	<u>232,339</u>
Interest expense		(594)	(614,356)
Finance facility fees		-	(1,108,157)
Fair value of gold collar derivative		-	(4,025,891)
		<u>(594)</u>	<u>(5,748,404)</u>
		<u>316,826</u>	<u>(5,516,065)</u>
		CONSOLIDATED	
		31.12.14	30.06.14
		\$	\$
4. CASH AND CASH EQUIVALENTS			
Cash at bank		15,619,648	14,912,907
Cash on deposit		2,000,000	23,000,000
Cash on hand		300	113
		<u>17,619,948</u>	<u>37,913,020</u>
5. TRADE AND OTHER RECEIVABLES			
Interest receivable		13,811	119,179
Prepayments		1,403,902	401,654
Sundry debtors		669,135	532,449
GST receivable		49,924	44,639
VAT credit certificate		4,928,231	-
		<u>7,065,003</u>	<u>1,097,921</u>

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		CONSOLIDATED	
		31.12.14	30.06.14
		\$	\$
6. PROPERTY, PLANT & EQUIPMENT			
Plant and equipment – at cost			
Opening balance		63,188,591	61,154,946
Additions		16,905,074	4,905,857
Foreign currency translation adjustment		9,971,920	(2,872,212)
Closing Balance		<u>90,065,585</u>	<u>63,188,591</u>
Accumulated depreciation			
Opening balance		3,122,098	2,591,925
Depreciation for the period		337,478	656,857
Foreign currency translation adjustment		433,157	(126,684)
Closing balance		<u>3,892,733</u>	<u>3,122,098</u>
Net book value		<u>86,172,852</u>	<u>60,066,493</u>
7. MINE DEVELOPMENT			
(a) Pre-production			
Opening balance		81,059,664	81,028,036
Development expenditure incurred in current period		24,405	4,151,753
Reclassification ⁽ⁱ⁾		(2,558,774)	-
Foreign currency translation adjustment		10,917,761	(4,120,125)
Closing Balance		<u>89,443,056</u>	<u>81,059,664</u>
Accumulated amortisation			
Opening balance		1,791,609	1,878,035
Amortisation for the period		-	-
Foreign currency translation adjustment		245,710	(86,426)
Closing balance		<u>2,037,319</u>	<u>1,791,609</u>
Pre-production net book value		<u>87,405,737</u>	<u>79,268,055</u>
(b) Deferred mining waste costs			
Opening balance		17,649,275	18,500,664
Deferred waste mining expenditure incurred in current period		1,229,335	-
Foreign currency translation adjustment		2,517,098	(851,389)
Closing balance		<u>21,395,708</u>	<u>17,649,275</u>
Accumulated amortisation			
Opening balance		4,844,173	5,077,851
Amortisation for the period		-	-
Foreign currency translation adjustment		664,353	(233,678)
Closing balance		<u>5,508,526</u>	<u>4,844,173</u>
Deferred mining waste costs net book value		<u>15,887,182</u>	<u>12,805,102</u>
Total mine development net book value		<u>103,292,919</u>	<u>92,073,157</u>
(i) VAT approved by Philippines Bureau of Internal Revenue.			
8. EXPLORATION AND EVALUATION EXPENDITURE			
Opening balance		-	-
Exploration and evaluation expenditure incurred in current period		1,973	4,623
Exploration expenditure written off		(1,973)	(4,623)
Closing Balance		<u>-</u>	<u>-</u>

**RED 5 LIMITED
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		CONSOLIDATED	
		31.12.14	30.06.14
		\$	\$
9. CONTRIBUTED EQUITY			
Share capital			
759,451,008 (30 June 2014: 759,451,008) ordinary fully paid shares		<u>236,416,512</u>	<u>236,416,512</u>
10. RESERVES			
Foreign currency translation reserve		24,657,286	1,874,343
Share based payment reserve		<u>86,106</u>	<u>107,033</u>
		<u>24,743,392</u>	<u>1,981,376</u>
11. EXPENDITURE COMMITMENTS			
Commitments in relation to capital expenditure commitments are payable as follows:			
- not later than one year		<u>5,692,285</u>	<u>16,471,220</u>
		<u>5,692,285</u>	<u>16,471,220</u>
Commitments in relation to operating lease expenditure commitments are payable as follows:			
- not later than one year		18,518,435	366,741
- later than one year but not later than two years		10,533,769	143,917
- later than two years but not later than five years		<u>873,592</u>	<u>2,232</u>
		<u>29,925,796</u>	<u>512,890</u>
		CONSOLIDATED	
		31.12.14	31.12.13
12. EARNINGS PER SHARE			
Weighted average number of ordinary shares on issue		<u>759,451,008</u>	<u>366,959,780</u>
used in the calculation of basic earnings per share			
Diluted and basic loss per share is the same as there are no dilutive potential shares.			
13. SEGMENT INFORMATION			
The Group is managed primarily on the basis of its production, development and exploration assets in the Philippines. Operating segments are therefore determined on the same basis. Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the consolidated annual financial statements of the Group.			
14. CONTINGENT LIABILITIES			
The consolidated entity had no contingent liabilities as at the reporting date and as at the end of the half year period.			
15. RELATED PARTIES			
There have been no material changes to the nature of transactions and arrangements with related parties as set out in the consolidated annual financial report for the year ended 30 June 2014.			
16. SUBSEQUENT EVENTS			
In January 2015, the Group received formal notification from the Philippines Mines and Geosciences Bureau (MGB) that the Cease and Desist Order (CDO) over the processing operations at the Siana Gold Project was lifted. Gold production recommenced in January 2015 followed by the first gold sale shipment in early March 2015.			

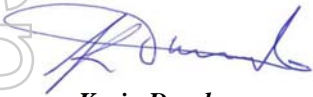
**RED 5 LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In the opinion of the directors of Red 5 Limited:

1. the condensed consolidated financial statements and notes set out on page 9 to 13 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2014 and of its performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Kevin Dundo
Chairman

Perth, Western Australia
10 March 2015



Independent auditor's review report to the members of Red 5 Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of, which comprises the condensed consolidated statement of financial position as at 31 December 2014, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Red 5 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red 5 Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Kpue

KPMG

Brent Steedman
Partner

Perth

10 March 2015

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