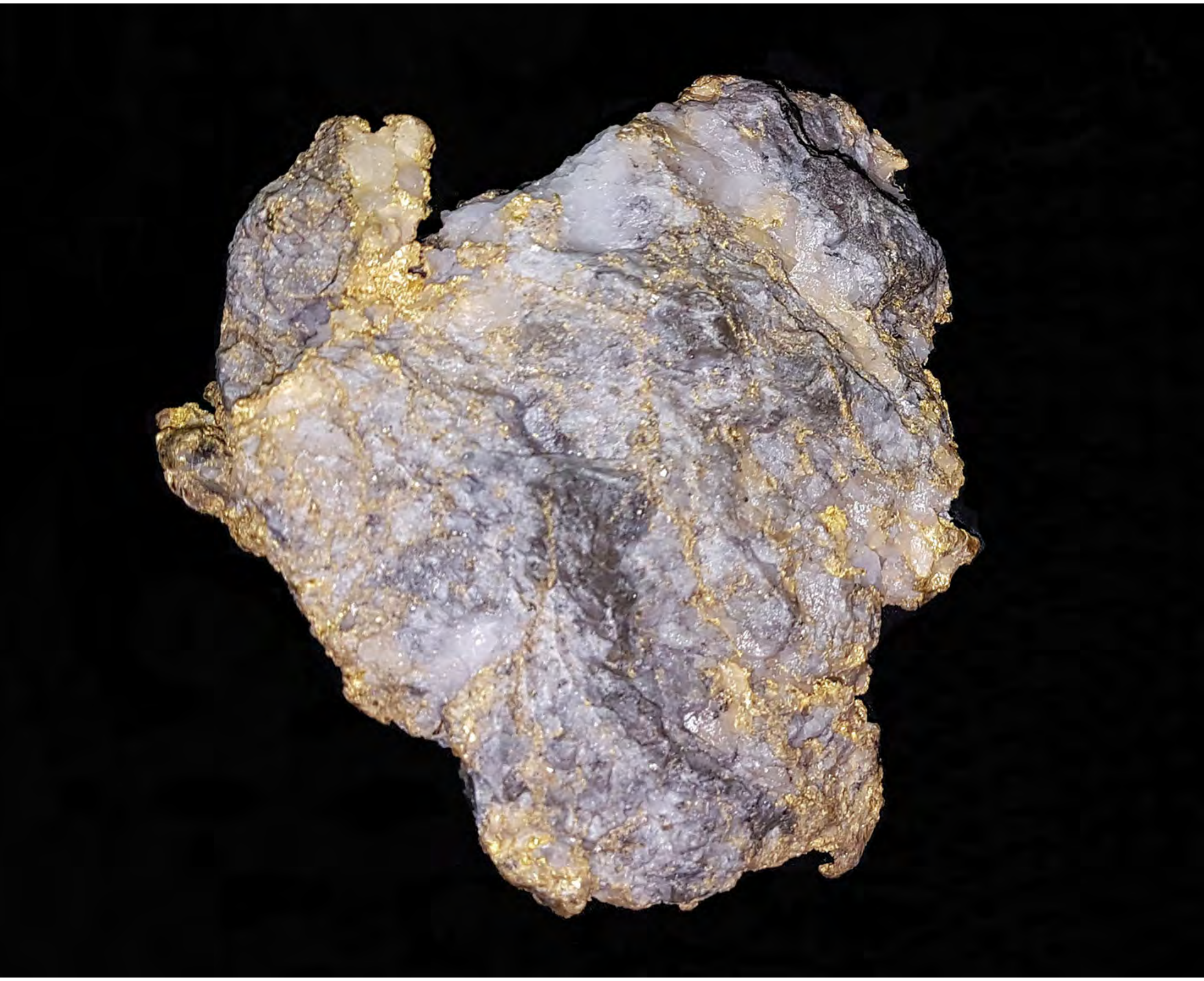
Red 5 Limited



2018

Annual Report

Corporate Profile

Red 5 Limited (ABN 73 068 647 610) is an Australian-based gold producer with established mining projects located in the Eastern Goldfields of Western Australia and the Mindanao region of the Philippines, with a combined 2.7Moz JORC Resource inventory across these two projects and a strong exploration and resource growth pipeline.

The Company is listed on the Australian Securities Exchange (Ticker: RED) with around 3,700 shareholders and has a strong institutional shareholder base.

Following the successful acquisitions of the operating Darlot Gold Mine and the nearby King of the Hills (KOTH) Gold Project in October 2017, Red 5 has progressed a production ramp-up at these operations and delivered a substantial increase in Mineral Resources and Ore Reserves with clear visibility to increase mine life further through the conversion of additional Mineral Resources to Ore Reserves, new discoveries and potential bolt-on acquisitions in the region. To this end, Red 5 is pursuing a substantial exploration campaign both at Darlot and KOTH.

Through its Philippine-affiliated company Greenstone Resources Corporation, the Red 5 Group holds an interest in the Siana Gold Project, located on the island of Mindanao in the Philippines, which is held under a Mineral Production Sharing Agreement (MPSA). Mining operations at the Siana Gold Project are currently suspended pending an improvement in operating conditions in the Philippines. The Siana Gold Project comprises an open pit and underground mine, CIL process plant and 1.1Moz JORC Resource inventory.

The Group's second principal asset in the Philippines is the Mapawa MPSA, located 20 kms north of Siana, which has the potential to be developed as a satellite source of ore feed for the Siana processing plant. Mapawa hosts a known gold porphyry system with numerous high-grade gold occurrences throughout the project area.

Our Vision

"Our 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."

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Year in Review

WEST AUSTRALIAN GOLD OPERATIONS

Overview

- Acquisition of the Darlot Gold Mine and the King of the Hills (KOTH) Gold Project completed in October 2017.
- The Darlot CIL mill is the cornerstone of Red 5's Eastern Goldfields consolidation strategy, with the ore sourced from the Darlot and KOTH underground mines and potentially other future ore sources in the region.
- The ramp-up of gold production commenced with a strong performance from the Darlot mill and the start of underground mining and ramp-up of production at KOTH.
- Gold production for FY2018 (during production ramp-up) of 48,259oz, recovered from a total of 458,835 tonnes of ore processed at an average head grade of 3.5g/t Au.

Mining and Processing

- Strong operating performance at the Darlot underground mine, with the introduction of a flexible mining strategy to accommodate multiple underground orebodies and "right-sizing" of mining equipment.
- New mine design completed to facilitate quick access to the newly-delineated high-grade Oval West deposit, with development commencing towards the end of FY2018 to provide access to high-grade ore stopes.
- De-bottlenecking initiatives at the Darlot processing plant resulted in the achievement of steady-state throughput of ~1.0Mtpa (compared to nameplate 830ktpa).

Exploration and Resource Development

- Multi-pronged exploration and resource definition programs commenced at Darlot and KOTH, including targeting immediate extensions of the Oval deposit at Darlot, along strike of and below current workings.
- Outstanding results from the Oval drilling program resulted in an updated JORC 2012 Indicated and Inferred Resource for the Oval deposit.

SIANA GOLD PROJECT, PHILIPPINES

- The Group continued to maintain environmental and regulatory compliance at the Siana Gold Project during the year following the suspension of open pit mining activities and underground development in April 2017.
- Following the end of the financial year, Red 5's Philippine-affiliated company, Greenstone Resources Corporation, was issued with a Clearance and Notice to Proceed from the Philippines Mines and Geoscience Bureau (MGB) to construct and operate Tailings Storage Facility 6 (TSF 6) at the Siana Gold Project. Greenstone Resources is evaluating its preferred plan and options for the Siana Gold Project, including a revised mining strategy for the Siana open pit mine and required funding for the potential future recommencement of operations.

FINANCIAL RESULTS

- Total gold sales of 47,286 ounces for $77.1 million for FY2018.
- Net loss after tax of $11.9 million for the 12 months to 30 June 2018.
- Agreement reached for the sale of the Company's royalty entitlement from the Mt Cattlin mine in Western Australia for a total consideration of $11 million.

"Within the space of nine months, Red 5 has established itself as a new Australian gold miner – producing 48,259oz in its first three operational quarters of ramp-up of production, implementing a successful new mining strategy at Darlot, commencing underground mining at King of the Hills and updating the JORC Resource across both mines"
– Red 5 Chairman, Kevin Dundo

Darlot Gold Mine processing plant

Message to Shareholders

from the Chairman

Dear Shareholders

I am pleased to report on what has been a busy, positive and rewarding year for Red 5.

Following the dual-acquisition of the Darlot and King of the Hills gold mines in Western Australia in October 2017, we completed a smooth ownership transition and integration of the Darlot operation and workforce into the Red 5 Group. The speed, efficiency and professionalism of this process – which necessitated a rapid scale-up of our administrative systems – is a credit to our management and operations team.

Within the space of nine months, Red 5 has established itself as a new Australian gold miner – producing 48,259oz in its first three operational quarters of ramp-up of production, implementing a successful new flexible mining strategy at Darlot, commencing underground mining at King of the Hills with ore trucked for processing at the Darlot mill, updating the JORC Resource estimates across both mines to 1.6Moz and declaring a combined 307,000oz Ore Reserve.

Our operational strategy is to maintain the Darlot processing plant at full production capacity with ore from Darlot and KOTH, while pursuing opportunities to grow both mine life and production through Resource conversion, new discoveries and potential bolt-on acquisitions in the region.

The strong performance of the Darlot mill – which achieved steady-state throughput of ~1Mtpa during the year – is the cornerstone to this strategy. The continued efficient operation of this centrally located treatment facility, combined with a rising grade profile at Darlot as we access the new high-grade Oval mining sector, will assist in maximising production, improve recoveries and drive down unit operating costs.

Like many highly-endowed WA gold projects, both Darlot and KOTH are extensive, multi-million-ounce gold systems which offer opportunities for Resource and Reserve growth as a result of sustained and focused exploration. To that end, we embarked on an aggressive and multi-pronged exploration effort during the year which has already yielded tangible results.

Near-mine extensional drilling in the Oval sector (one of the main high-grade ore sources at Darlot) returned outstanding results immediately along strike and down-plunge from current mining areas, leading to an updated Resource estimate for this area. New mine development is already being put in place to access this high-grade zone, which will be a significant contributor to our production profile over the next two years.

Our exploration team has also defined multiple near-surface targets, some of which represent shallow oxide resource targets, while others could emerge as genuine exploration "game-changers".

In the meantime, our strategy of preserving the value of the Siana Gold Project in the Philippines has proved to be a prudent one. In early August 2018, Red 5 Philippine-affiliated company, Greenstone Resources Corporation, received a long-awaited clearance to proceed with construction and operation of an interim Tailings Storage Facility 6 (TSF6). Greenstone Resources is actively evaluating plans for a possible future restart of mining and production at Siana and options to maximise the inherent value of the in-situ gold inventory and high-quality infrastructure.

Subsequent to the end of the reporting period, we announced the appointment of Steve Tombs to the Board as a non-executive director following his retirement from his executive role as General Manager Operations for the Group. Steve played a key role in the successful implementation of our Eastern Goldfields strategy, and we look forward to his ongoing contribution as a member of the Board.

In conclusion, I would like to acknowledge the significant effort and hard work during the year of all of our staff and contractors, both in the Philippines and Australia, led by our Managing Director, Mark Williams.

It is thanks to their tireless efforts – and particularly the hard work and commitment of the mining, processing and operational teams at Darlot and KOTH over the course of the year – that the Red 5 Group moves into the new financial year in a strong position, with valuable mining assets, an extensive gold inventory and a strong growth pipeline.

I would also like to thank you, our valued shareholders, for your ongoing support.

Kevin Dundo
Chairman
25 September 2018

Message to Shareholders

from the Managing Director

After completing the landmark acquisitions of the Darlot and King of the Hills (KOTH) gold mines in early October 2017, Red 5 made a strong start as a Western Australian gold producer during the 2018 financial year.

The start of underground mining at King of the Hills in January 2018 marked the beginning of an important transitional period, with the Group making a significant investment in both mine development and exploration as we progressively ramp-up the combined Darlot and KOTH operations, with KOTH ore mining expected to reach full capacity within the September Quarter 2018.

This production outlook for the 2019 financial year is supported by a strong commitment to exploration on several fronts, including underground exploration at Darlot and KOTH. These programs have already generated encouraging results to date.

While we continue to focus on optimising and growing our Western Australian gold operations, the Red 5 Group also retains its interest in the Siana Gold Project in the Philippines, where the recent receipt of a key regulatory clearance for the Siana Gold Project could pave the way for a potential restart of mining operations in the future and options to maximise the inherent value of the Philippine asset base.

EASTERN GOLDFIELDS, WESTERN AUSTRALIA

As outlined in last year's annual report, Red 5 has embarked on a major new growth strategy in the Eastern Goldfields region of Western Australia following the successful acquisition of the operating Darlot Gold Mine from a wholly-owned subsidiary of South African-based gold producer Gold Fields Limited (Gold Fields) (JSE, NYSE: GFI) and the advanced King of the Hills Gold Project from West Australian gold producer Saracen Mineral Holdings Limited (Saracen) (ASX: SAR).

These acquisitions, which were completed on 2 October 2017, have provided Red 5 with an extensive strategic footprint in the world-class Leonora-Leinster mineral district of Western Australia, with the ability to leverage this position by pursuing a regional consolidation strategy based around the Darlot mill as a central processing hub.

With the completion of the acquisition of the Darlot mining operation, the ownership transition and integration of the operation and existing workforce were completed by the end of 2017. Underground mining commenced at King of the Hills in early 2018 and the major focus during the year was on the ramp-up of the combined operations to achieve steady-state commercial production.

The Company's Stage 1 development plan is to maximise throughput at the Darlot mill over an initial 3-4 year period by processing ore from both the Darlot and KOTH underground mining operations. Stage 2 will centre on increasing the Company's Reserve base in the Eastern Goldfields through regional exploration within the tenement footprint acquired under the Darlot and KOTH transactions, as well as assessing additional development opportunities within the region.

To this end, Red 5 acquired the prospective Ockerburry Hill tenement EL36/865 from global gold miner AngloGold Ashanti during the year. This strategically located tenement is located 20km from Darlot and offers potential for new discoveries and brings Red 5's tenement footprint in the Goldfields to 36,489ha.

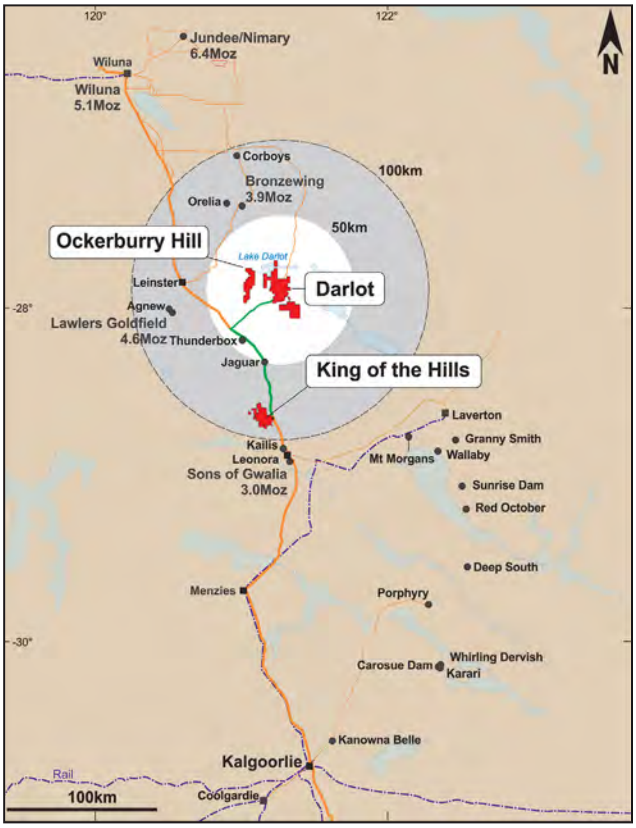

Figure 1: Darlot and King of the Hills Project locations, showing historical production from key gold deposits in the region.

WEST AUSTRALIAN GOLD OPERATIONS

Production summary

A total of 48,259 ounces of gold was recovered for the 12 months to 30 June 2018 with ore sourced predominantly from the Darlot Gold Mine and a growing contribution from the King of the Hills satellite underground mine towards the end of the reporting period.

A summary of key production statistics for FY18 is provided below:

	FY 2018
Mined tonnes	**402,271t**
Mined grade	**3.42g/t**
Tonnes milled	**458,835t**
Average head grade	**3.50g/t**
Recovery	**93.5%**
Gold recovered	**48,259oz**
Gold sales	**47,286oz**

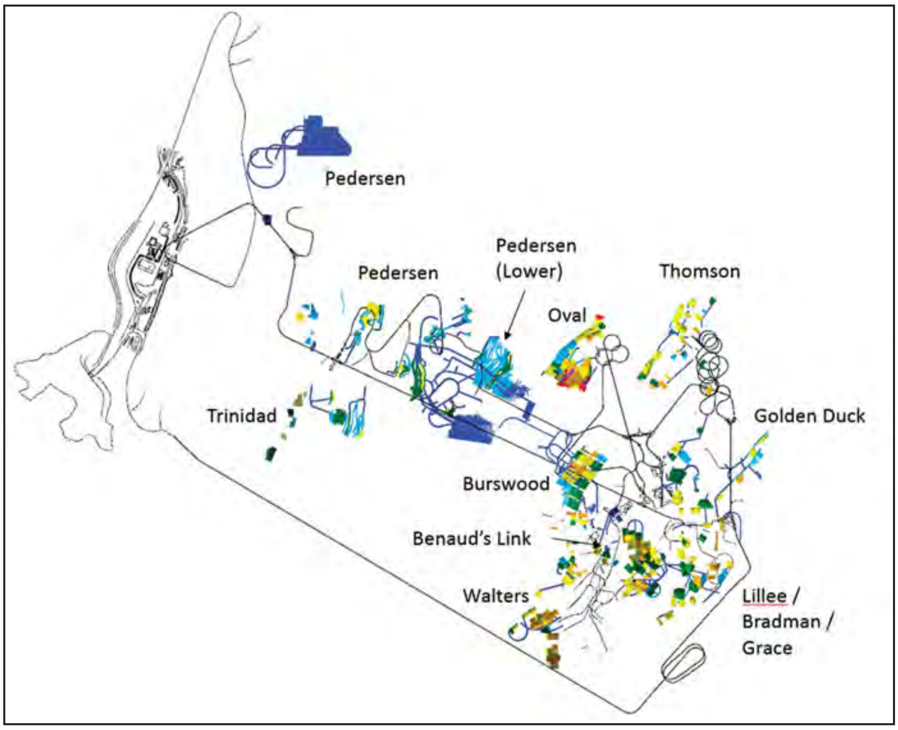

Figure 2: Plan view of the Darlot lodes showing location of key mining and development areas.

Processing

The performance of the processing plant at Darlot supports Red 5's aim to fully utilise mill capacity to reduce unit operating costs. The processing plant performed strongly during the period and gold recoveries were generally in line with expectations.

The mill achieved an average throughput of 115tph in the June 2018 Quarter, resulting in a record of 78,611 tonnes being milled for the month of June 2018. Daily mill throughputs in excess of 130tph have also been achieved on a sustained basis, resulting in a new Darlot record for 24-hour milled tonnes of 3,249t in June 2018, equating to an annual throughput rate in excess of 1.1Mtpa, compared to nameplate of 0.83Mtpa.

Mining activities

A key part of Red 5's Stage 1 development plan for Darlot is to mine a number of different areas in the upper and mid-levels of the mine which had previously been considered to have been sterilised.

This program delivered promising early results, with stopes in the first three extensions to existing mining areas (Marsh, Walters and Bradman) exceeding expectations in terms of mined tonnages and grade (see Figure 2).

Ore was sourced from multiple working areas during the reporting period including the higher grade Oval orebody, located within the Centenary underground mining area at Darlot. Remnant mining in the Marsh, Walters and Bradman areas continued during the year, producing high to mid-grade ore supplementing material from the primary Oval orebody.

Ore drive development commenced during the year on the Oval 655 and Oval 723 ore drives (see Figure 3), with bulk stoping of the new ore zone scheduled to commence in October 2018. Oval West is expected to become an important source of high-grade ore feed for the Darlot operation over the next two years.

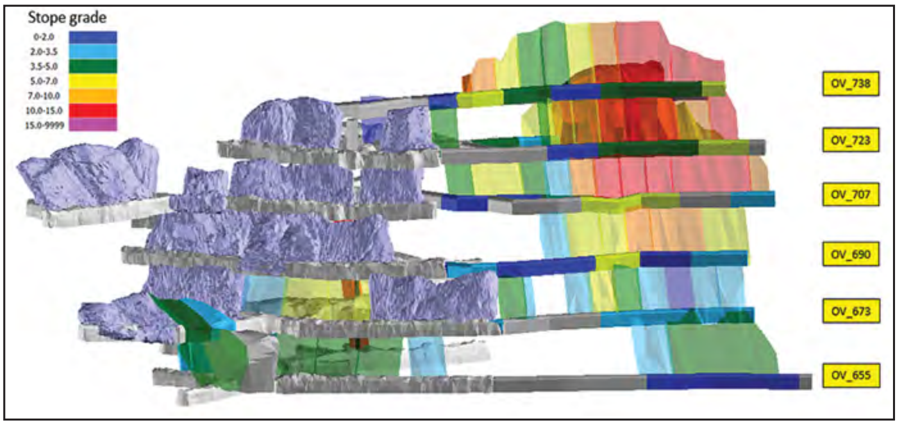

Figure 3: New mine design for the Oval mining area.

Three new Volvo A45G articulated trucks were mobilised to Darlot during the reporting period under a 36-month lease-to-buy arrangement (see Figure 4). This represented the first significant capital investment ($2.3 million) at Darlot for several years.

Figure 4: New mining equipment at Darlot.

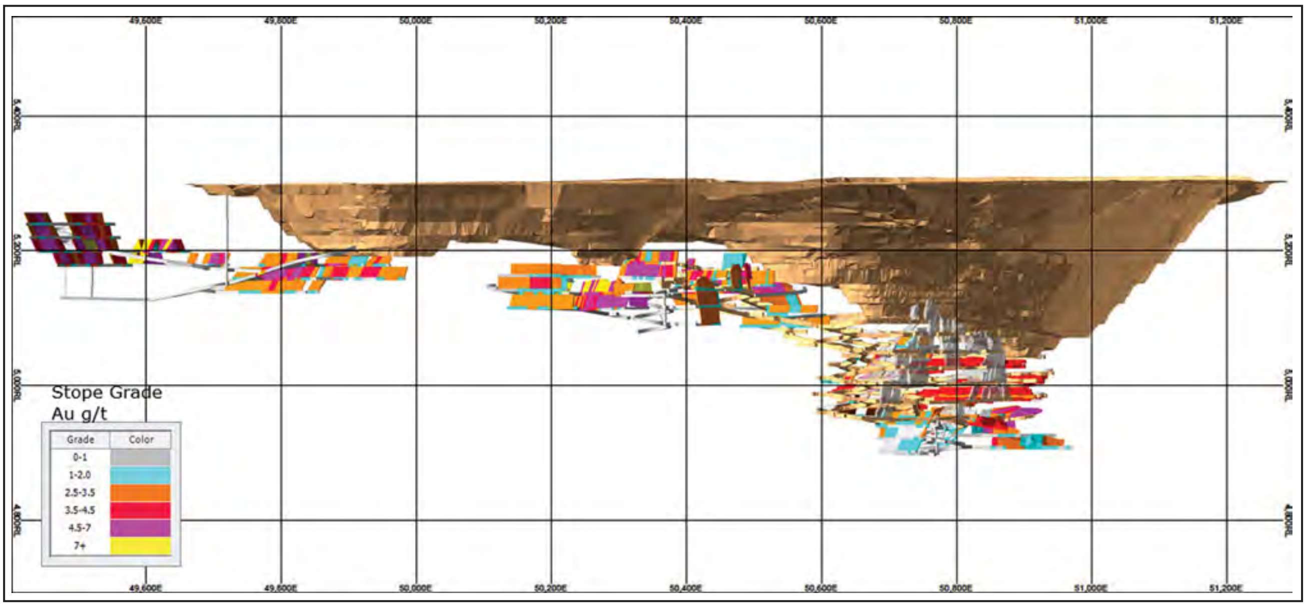

Figure 5: Long Section view looking east of the King of the Hills Deposit, illustrating the current pit, the North Mine underground workings and the proposed mine design for the King of the Hills mining areas.

KING OF THE HILLS PROJECT

Mining activities

The underground mining contract was awarded to experienced underground mining contractors, Pit n Portal Mining Services. The contract is a standard fixed and variable three-year mining contract. Underground mining commenced at KOTH in early January 2018, with initial production coming from the northern end of the mine in a continuation of the historical operations of St Barbara (2011-2015) and Saracen (2016) (Figure 5). Saracen had suspended operations in January 2017, leaving broken ore in stopes and development headings in ore, providing an inventory that allowed a rapid production re-start for Red 5 in 2018.

The ramp-up of production progressed well during the reporting period, with the KOTH underground mine contributing 8,962 ounces for the year to the Company's production profile.

Airleg mining has been undertaken to access narrow, high-grade mineralised veins at KOTH, together with development of 3m by 3m drives to access additional bays for stoping. Production from these veins contributed a total of 3,780 ounces towards production from KOTH during the reporting period. Based on the success of these narrow vein mining techniques, over 170 mineralised veins are currently being remodelled.

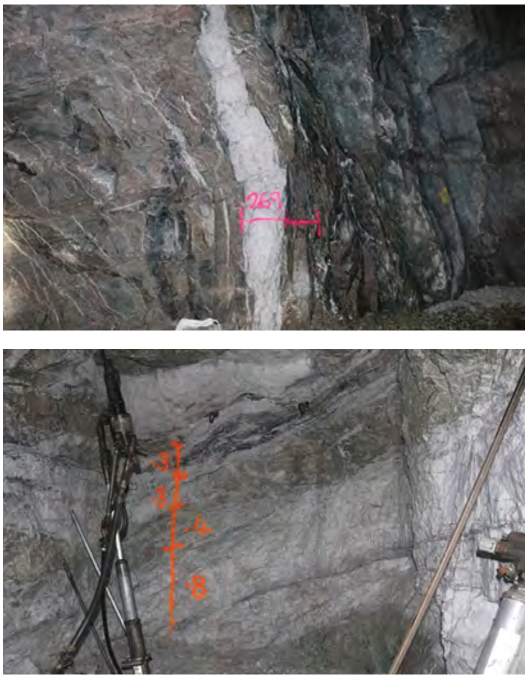

Figure 6: (Top) Aggo lode cross-cutting in the C5145 DP with values returning grades of 0.5m @ 35.7g/t Au. (Above) Kaiser – W5000 Airleg Face returning grades of 1.8m @ 21.0g/t Au.

Figure 7: DDH1 drilling at KOTH for metallurgical heap leach samples.

Initial development activities at KOTH focused on establishing and extending the central decline and towards the new southern orebodies, initially targeting the Riverrun and Theon lodes. This development also intersected and exposed two other potential ore sources in the Gilly and Aggo Lodes.

Sterilisation drilling for the Regal decline intersected ore, resulting in an 80m extension to the mining region and redesign of the decline and take-off position on the Link Drive. Development of this decline commenced during the June 2018 Quarter following dewatering of the Link Drive and re-establishment of services. A new Sandvik DD321 jumbo was mobilised to KOTH, which will allow for a reduction in the widths of ore development to 3.8 metres thereby reducing dilution.

Recent exploration drilling at King of the Hills has delivered an important breakthrough in the Company's understanding of the structure and controls of gold mineralisation in the region. The drilling has confirmed the presence of a significant gold-bearing zone of tension veins and stockworks located close to an existing mining area. It has also demonstrated that drilling in a northerly/southerly direction in the region of the granitoid/ultramafic contact is optimal for picking up these vein stockworks, which would be missed by drilling perpendicular to the contact.

Heap leach amenability test work was undertaken on ore samples from the KOTH project, with positive initial results indicating the potential for heap leaching of lower grade ores from both the underground and ore which can be accessed via a cut-back on the historical open pit. Preliminary Intermittent Bottle Roll (IBR) test work indicates >70% gold recovery is achievable at typical heap leach operating conditions. Second stage column test work is currently underway.

EXPLORATION AND RESOURCE DEVELOPMENT

Darlot Gold Mine – Initial JORC 2012 Mineral Resource

Red 5 completed an extensive review of the previously reported SAMREC estimates for the Darlot mine completed by the previous owner and reported a maiden JORC 2012 for Darlot in December 2017. A further update was reported in August 2018 with the Darlot resource and reserve further increased to a Mineral Resource of 6.2Mt @ 4.8g/t Au for 949koz of contained gold with the updated Ore Reserve of 1.92Mt @ 3.5g/t Au for 219koz of contained gold (including stockpiles).

A resource estimate for King of the Hills was also reported following underground drilling that commenced in January 2018, with a Mineral Resource of 3.89Mt @ 5.3g/t Au for 658koz of contained gold and a maiden Ore Reserve of 0.71Mt @ 3.9g/t Au for 88koz of contained gold.

Darlot exploration

The presence of numerous ore grade intercepts over multiple prospect areas combined with potential to both extend existing deposits and discover new deposits, presents a significant exploration opportunity. This is supported by a vast drilling and exploration database, including comprehensive cutting-edge 3D seismic studies, structural modelling, geophysical surveys and geochemical fingerprinting based on historical drill chips and field mapping.

Exploration activities during the reporting period were prioritised around:

- Near-mine extensional opportunities of existing deposits and mining areas;
- Surface targets offering the potential for significant new discoveries and repetitions of the Darlot and Centenary orebodies;
- Targets generated by the 3D seismic surveys completed over the Darlot tenements last year; and
- Potential open pit oxide targets associated with a series of small historical pre-JORC 2012 resources.

Oval diamond drilling

The Oval workings are located at the bottom of the Oval structure which is part of the Centenary underground mining area at Darlot (Figures 8 and 9). The Oval workings commenced production in February 2017, with this sector of the mine representing a main source of high-grade ore feed to the Darlot plant.

An underground diamond drilling program commenced in January 2018 targeting the Oval structure, located along strike from the current Oval underground workings, with further holes targeting down dip of the Oval resource after completion of these holes.

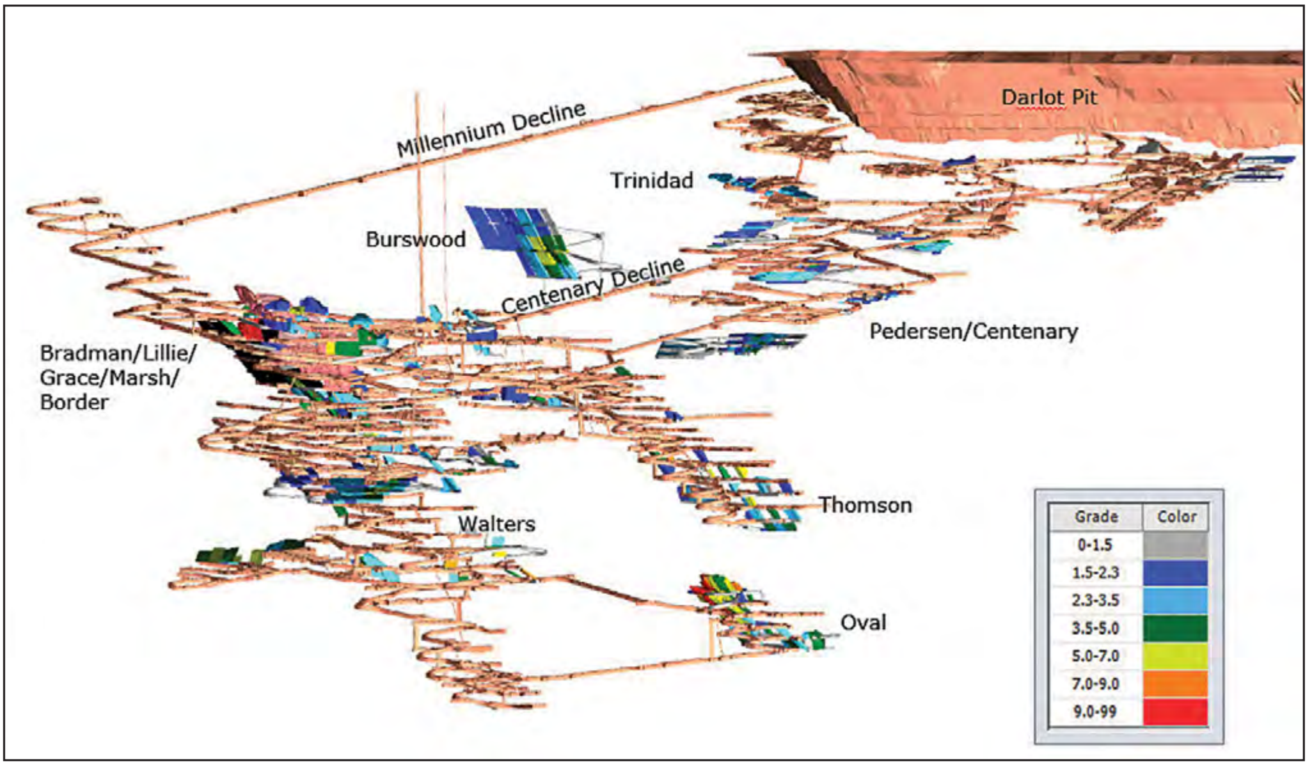

Figure 8: Location of the Oval Mining Area within the Darlot Gold Mine.

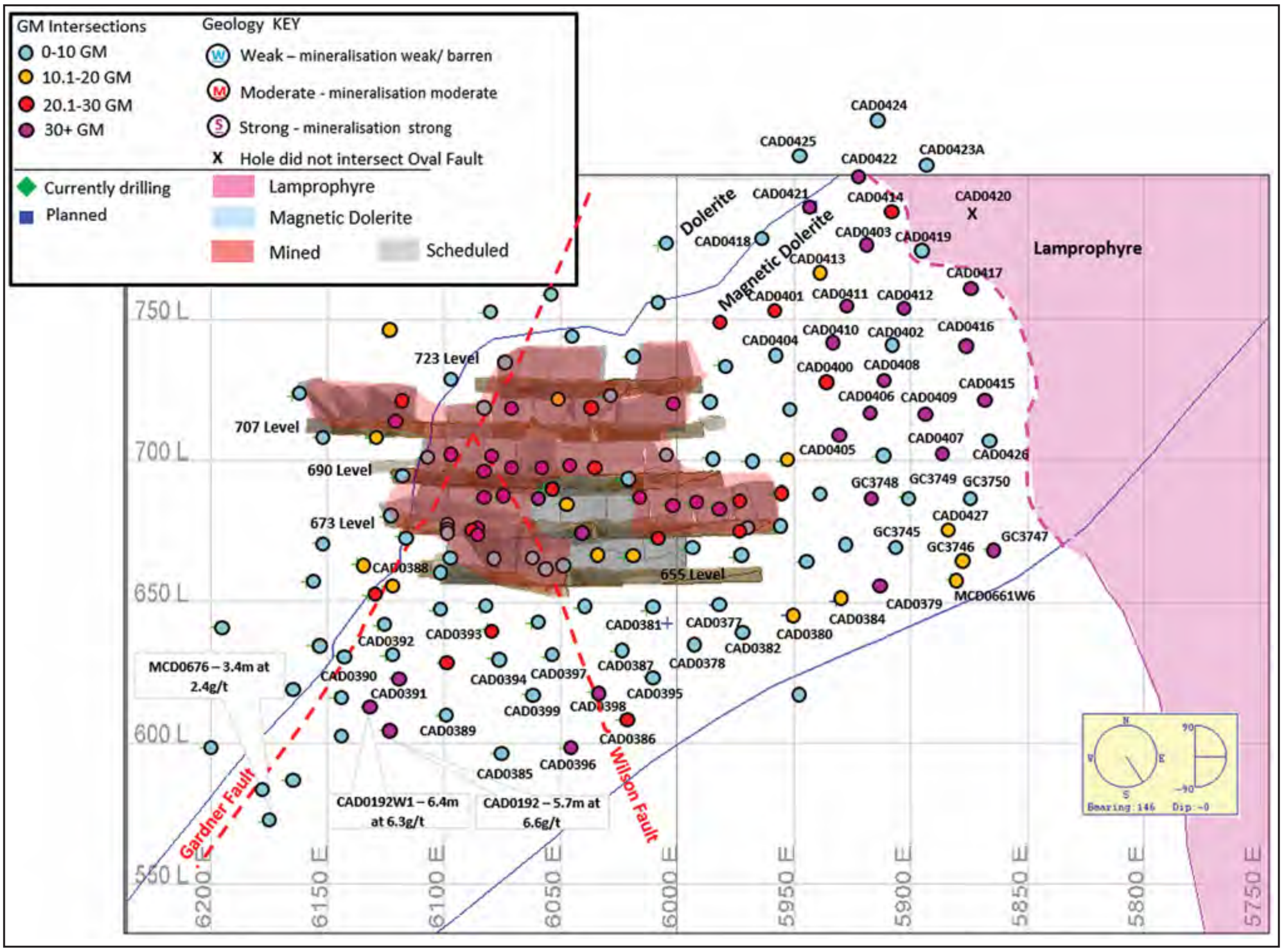

Figure 9: Drilling at the Oval long section looking to the SSE.

Drilling identified two prominent shoots below the 655m level with good mineralisation being developed along the contact along the lower portion of the magnetic dolerite and the Oval Fault with another shoot being developed proximal to the Gardner Fault with the shoot following the intersection trend between the Gardner Fault and the magnetic dolerite with mineralisation generally being maintained within the magnetic dolerite.

Oval Resource and Reserve update

Following the successful near-mine drilling program, Red 5 completed an updated Indicated and Inferred Mineral Resource estimate for the Oval mining area. Ore drive development is already underway, with bulk stoping of the new ore zone scheduled to commence in October 2018. Oval West is expected to become an important source of high-grade ore feed for the Darlot operation over the next two years.

Deep diamond drilling

Red 5 undertook a near-mine and regional deep diamond drilling program at Darlot targeting new discoveries that could be developed as satellite open pit and/or underground mines to supplement ore feed to the Darlot mill. Deep holes were completed at:

- The Aurora target, located approximately 1km south-east of the Centenary mine at Darlot;
- The Waikato – IP Lords/Oval mine corridor targeting a strong 1.5km-long IP chargeability zone located 2km southwest of the Darlot mine; and
- The Waikato Thrust target, located 2km from the Darlot mill.

Drilling across the Waikato Trend was also completed, comprising 122 RC holes drilled for a total of 6,254m. The program was designed to in-fill drill at 20m x 20m spacing within open pit shells developed from previous 80m x 40m spaced exploration drilling around Waikato South, with the aim to test the continuity of mineralisation along the southern portion of the Waikato structural corridor.

Encouraging initial assays were received from this program, demonstrating good continuity of mineralisation along strike, highlighting the potential of the Waikato South orebody and indicating potential to expand the historical resource along strike between the Waikato and Waikato South prospects (see Figure 10).

The Waikato South historical resource remains open to the north-west, the north-east and at depth, and offers potential extensional opportunities outside and below the current scoping study open pits.

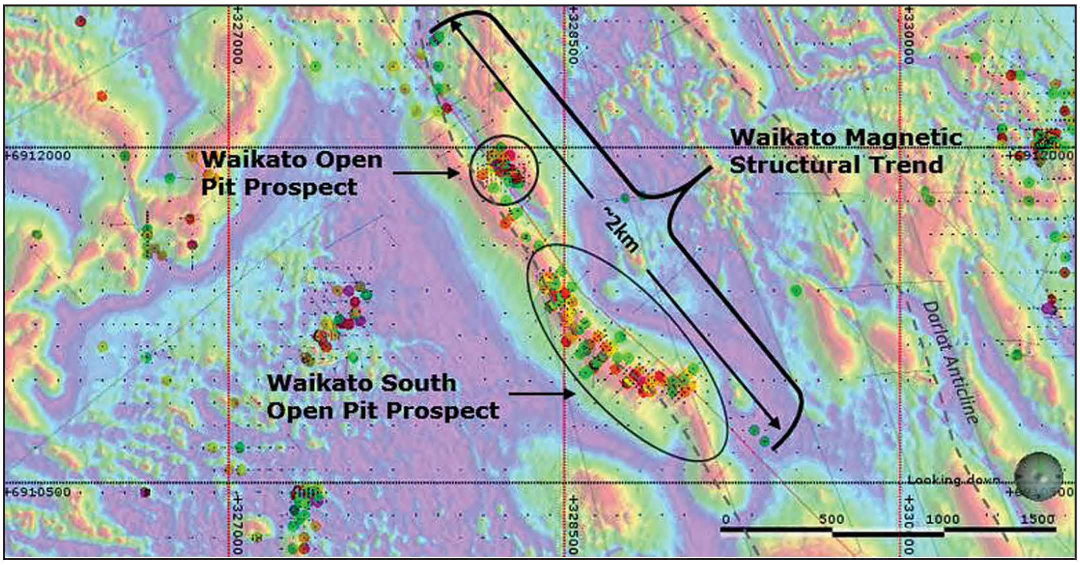

Figure 10: Plan view of the high definition magnetics showing the Waikato and Waikato South open pit prospects located along the Waikato Magnetic Structural Trend showing historical and latest drilling.

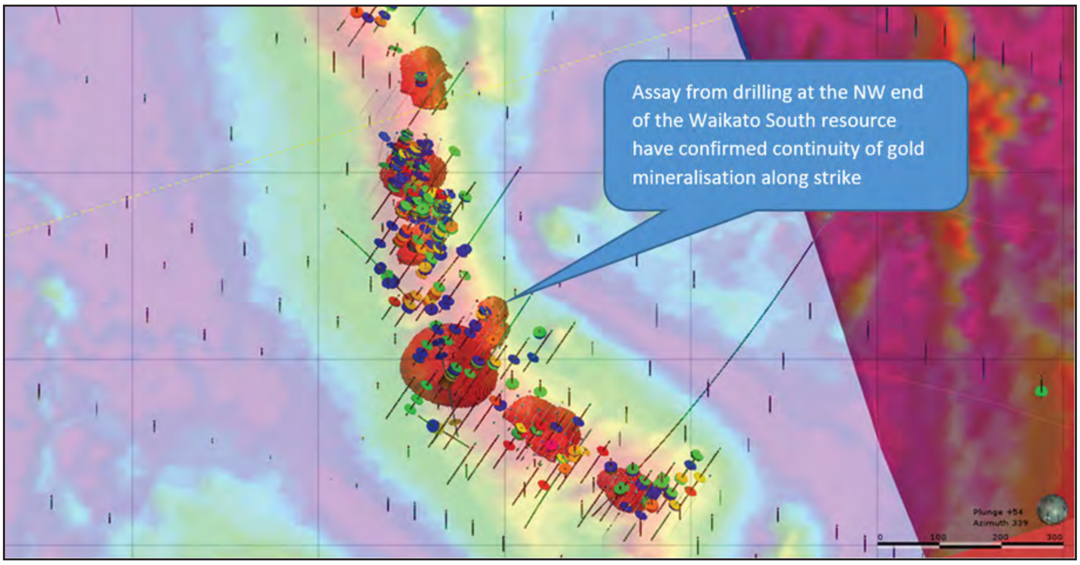

Figure 11: Plan view showing close-up of the Waikato South Prospect along potential pit optimisations generated from the SRK review from historic modelling (pre JORC 2012).

Darlot – key underground targets

A second Barminco (LM1300) underground drill rig arrived at Darlot in June 2018 and will be utilised to focus on near-mine targets and 3D seismic targets. Key initial targets for the FY19 year include Lords High Amplitude, Lords Northern Extension (CDA Lords Felsics), Oval North West and Oval Flattening (see Figure 12).

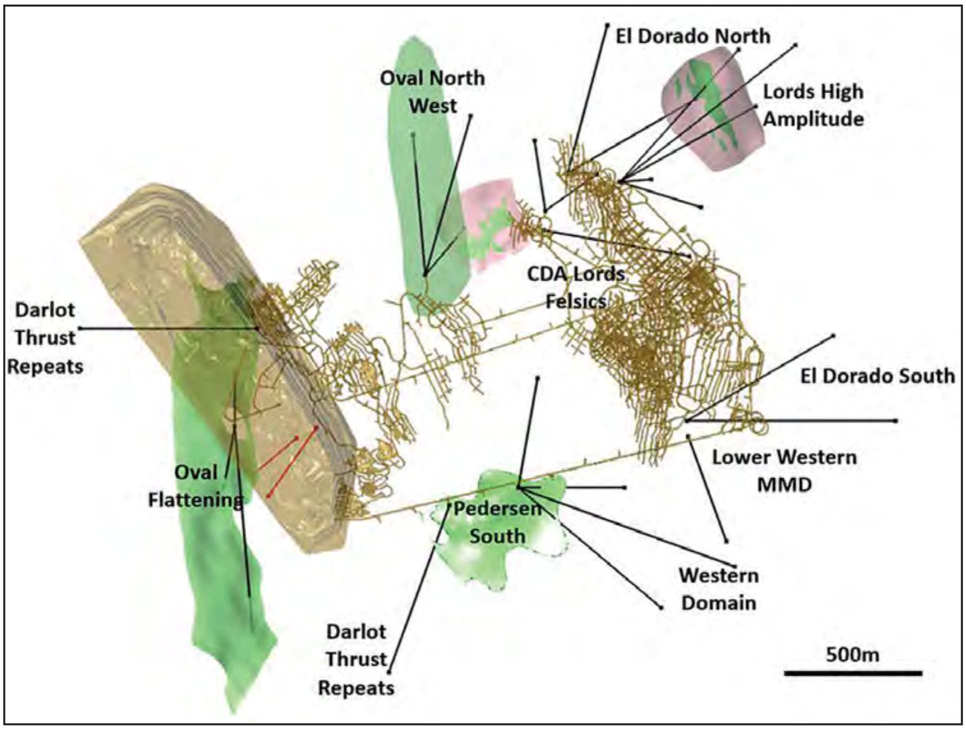

Figure 12. Key underground drilling targets at Darlot.

King of the Hills exploration

Diamond drilling commenced at KOTH in January 2018, with the aim of improving geological confidence along strike and down-dip of multiple lodes in the North and Central mining areas, and in-filling and extending the current Resource model.

Results were encouraging, delivering high grades over narrow intervals, which is consistent with high-grade narrow vein structures observed over certain areas of the KOTH project. Visible gold was observed in drill core from several locations (see Figure 13), with drilling also intersecting several new lodes that had not been previously modelled.

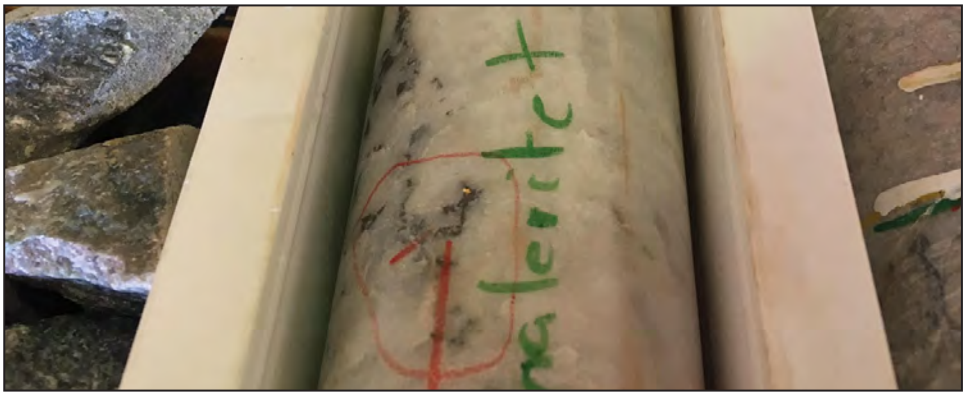

Figure 13: Visible gold (circled red) returned from exploration drilling at the Riverrun area (Hole KHRD0028), KOTH.

Ockerburry Hill project

During the year Red 5 acquired the Ockerburry Hill exploration licence (EL36/865), located 20km west of Darlot, from AngloGold Ashanti Australia Ltd.

The tenement covers a highly prospective part of the Yandal Greenstone Belt and includes the Ockerburry Fault System and other interpreted mineralised structures. Encouraging historical drilling results have been returned from two key exploration targets – the Dingo Ridge Prospect (previously drilled by WMC, Goldfields and Aragon Resources) and the Spargos Prospect (previously drilled by Homestake).

SIANA GOLD PROJECT, PHILIPPINES

Through its Philippine-affiliated company Greenstone Resources Corporation, the Red 5 Group holds an interest in the Siana Gold Project, located on the island of Mindanao in the Philippines, which is held under a Mineral Production Sharing Agreement (MPSA). Mining operations at the Siana Project are currently suspended, pending an improvement in operating conditions in the Philippines.

Ongoing activities at the Siana project during the year included ongoing dewatering of the open pit, infrastructure maintenance, monitoring of geotechnical issues and pit wall stability and community and government relations activities. A gold shipment comprising 2,939oz was completed in October 2017 from gold recovered from the processing of medium-low grade stockpiles at Siana.

Subsequent to the end of the reporting period, Greenstone Resources was issued with a Clearance and Notice to Proceed from the Philippines Mines and Geoscience Bureau (MGB) to construct and operate Tailings Storage Facility 6 (TSF6) at Siana. The Philippines Environmental Management Bureau has also amended the co-ordinates of the Environmental Compliance Certificate for the Siana Gold Project to include the proposed area of TSF6, which will allow construction and operation of TSF 6 to proceed, subject to the completion of standard local construction permitting requirements. TSF 6, which is the initial tailings storage facility planned for Siana, has an expected capacity of 1 million tonnes of tailings.

Greenstone Resources is evaluating its preferred plan and options for the Siana Gold Project, including a revised mining strategy for the Siana open pit mine and required funding for the potential future recommencement of operations. An important part of these considerations will be the current Philippine Government's mining policy.

Exploration activities – Mapawa Project

Two diamond drill-holes at the Mapawa Project were completed to comply with licence commitments and to progress ongoing Feasibility Studies on a potential future open pit development at the Mapawa project, as a supplementary satellite source of ore feed to the Siana operations.

CORPORATE

Takeover Bid for Bullseye Mining Limited

On 19 February 2018, Red 5 announced a conditional off-market takeover bid for all of shares in Bullseye Mining Limited. 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 proposed transaction is consistent with Red 5's Eastern Goldfields consolidation strategy, given the proximity of the Laverton Project to the centrally located processing facility at Darlot.

Bullseye shareholders are being offered one fully paid ordinary share in Red 5 for every five Bullseye shares they hold. Further details of the transaction are outlined in the Bidders Statement lodged with ASX on 17 April 2018. The offer currently remains open until 16 November 2018.

Sale of Mt Cattlin royalty

During the period, the Company entered into an agreement for the sale of its royalty entitlement from the Mt Cattlin mine in Western Australia to Canadian royalty company, Lithium Royalty Corporation (LRC). Red 5 owned the right to receive a royalty of $1.50 per tonne of ore processed from the Mt Cattlin mine which is owned and operated by ASX-listed Galaxy Resources Limited (Galaxy Resources). The sale consideration comprised $11 million which was received in July 2018.

Cash balance

The Group's cash balance, including bullion on hand at the end of June 2018 was $12.9 million. A gold loan facility of 5,015 ounces for net proceeds of approximately $8.2 million was entered into in September 2018.

Summary and outlook

The past year has been an exceptionally active period for Red 5, with the Company completing the Darlot and KOTH acquisitions, successfully integrating these new mines and operational teams into the Red 5 Group, and embarking on exploration and development programs to advance the Company's Eastern Goldfields consolidation and growth strategy.

The reported increases in the Mineral Resources and Ore Reserves base will generate significant production growth, with a clear mine life visibility of at least three years and significant opportunities for further Resource and Reserve expansion. Ongoing operational and cost efficiency programmes are continuing aimed at reducing operating costs.

In parallel with our activities in the Eastern Goldfields, careful consideration is being given to the next steps to maximise the value of the Group's investment in the Siana Gold Project in the Philippines, in light of the receipt of clearance for the construction and operation of a new tailings storage facility.

We move into FY2019 with a positive outlook. Our gold operations in the Eastern Goldfields are now approaching steady-state production, we have an expanding Reserve base to underpin initial mine life, we have a pipeline of brownfields and greenfields exploration targets to be progressively tested over the coming months, and we are now in a position to consider the best options to deliver value from our significant asset base in the Philippines.

This is a great result by the Red 5 team and I would like to sincerely acknowledge the outstanding efforts of our entire team of staff and contractors in delivering this impressive outcome. I would also like to acknowledge the strong ongoing support of our shareholders.

This is an exciting period for Red 5, and we can all look to the future with great drive and enthusiasm.

M. Williams

Mark Williams
Managing Director
25 September 2018

WESTERN AUSTRALIAN GOLD OPERATIONS

During the 2018 financial year, Red 5 acquired the Darlot Gold Mine from Gold Fields Australia and the King of the Hills project from Saracen Mineral Holdings, with both projects located in the Eastern Goldfields of Western Australia. The underground operations from the two mines provide feed for the Darlot processing plant with the ore mined from King of the Hills being transported by road trains to Darlot.

In December 2017, Red 5 reported maiden JORC 2012 mineral resources and ore reserve estimates for the Darlot mine. In August 2018, the Darlot resource and reserve estimates were further updated. The King of the Hills resource and ore reserve estimates were also updated in August 2018 following underground drilling programmes which commenced in January 2018.

DARLOT GOLD MINE JORC 2012 UNDERGROUND RESOURCE AND RESERVE AS AT 30 JUNE 2018

Darlot Mineral Resource as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Contained Au (koz)
30 June 2018 JORC 2012	Measured	2.0	7	10.1	2.0
	Indicated	2.0	4,122	5.1	677
	Inferred	2.0	2,080	4.0	269
	UG broken stocks	Variable	20	2.0	1.4
	ROM stockpile	Variable	20	2.3	1.8
	Total	**Variable**	**6,249**	**4.7**	**951**
21 December 2017 JORC 2012	Measured	2.0	7	10.1	2.0
	Indicated	2.0	3,904	4.9	615
	Inferred	2.0	2,086	4.1	278
	UG broken stocks	Variable	24	4.4	3.4
	ROM stockpile	Variable	13	3.8	1.6
	Total	**Variable**	**6,035**	**4.6**	**900**
difference	*Measured*	*0.0*	-	-	-
	Indicated	*0.0*	*218*	*0.2*	*62*
	Inferred	*0.0*	*-6*	*-0.1*	*-9*
	UG broken stocks	*Variable*	*-4*	*-2.4*	*-2*
	ROM stockpile	*Variable*	*7*	*-1.5*	-
	Total	***Variable***	***214***	***0.1***	***51***

Darlot Ore Reserve as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Contained Au (koz)	Recovered Au metal (koz)
30 June 2018 JORC 2012	Proved	2.4	10	3.9	1	1
	Probable	2.4	1,870	3.6	215	202
	UG broken stocks	Variable	20	2.0	1	1
	ROM stockpile	Variable	20	2.3	2	2
	Total	**Variable**	**1,920**	**3.5**	**219**	**206**
21 December 2017 JORC 2012	Proved	-	-	-	-	-
	Probable	2.4	1,000	4.0	132	124
	UG broken stocks	Variable	24	4.4	3	3
	ROM stockpile	Variable	13	3.8	2	2
	Total	**Variable**	**1,037**	**3.8**	**137**	**129**
difference	*Proved*	*2.4*	*10*	*3.9*	*1*	*1*
	Probable	*0.0*	*870*	*-0.4*	*83*	*78*
	UG broken stocks	*Variable*	*-4*	*-2.4*	*-2*	*-2*
	ROM stockpile	*Variable*	*7*	*-1.5*	-	-
	Total	***Variable***	***883***	***-0.3***	***82***	***77***

KING OF THE HILLS JORC 2012 UNDERGROUND RESOURCE AND RESERVE AS AT 30 JUNE 2018

KOTH Mineral Resource as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Contained Au (koz)
30 June 2018 JORC 2012	Measured	-	-	-	-
	Indicated	2.0	2,535	5.3	432
	Inferred	2.0	1,358	5.2	226
	ROM stockpile	Variable	11	1.6	0.6
	Total	**Variable**	**3,904**	**5.2**	**659**
2 August 2017 JORC 2012	Measured	-	-	-	-
	Indicated	2.0	1,109	5.1	183
	Inferred	2.0	1,601	4.3	219
	ROM stockpile	-	-	-	-
	Total	**Variable**	**2,710**	**4.6**	**402**
difference	*Measured*	*0.0*	-	-	-
	Indicated	*0.0*	*1,426*	*0.2*	*249*
	Inferred	*0.0*	*-243*	*0.9*	*7*
	ROM stockpile	*Variable*	*11*	*1.6*	*1*
	Total	***Variable***	***1,194***	***0.6***	***257***

KOTH Ore Reserve as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Contained Au (koz)	Recovered Au metal (koz)
30 June 2018 JORC 2012	Proved	-	-	-	-	-
	Probable	2.4	710	3.9	88	82
	ROM stockpile	Variable	10	1.9	1	1
	Total	**Variable**	**720**	**3.8**	**89**	**83**

Ore Reserves for the King of the Hills mine are a maiden release for Red 5.

PHILIPPINE OPERATIONS

SIANA GOLD PROJECT

An annual review and update to the Mineral Resource and Ore Reserve estimates for the year ended 30 June 2018 has been undertaken, with no resultant change from the figures quoted at 30 June 2017.

Open pit mining operations at the Siana project were suspended in April 2017 due to ongoing uncertainty regarding regulatory and government mining policy in the Philippines. Pending completion of standard local permitting requirements and construction of a new Tailings Storage Facility (TSF) and in compliance with JORC 2012 reporting criteria, no JORC 2012 Reserve estimate for the Siana open pit is reported as at 30 June 2018. The underground Reserve is not impacted by the unavailability of surface tailings storage capacity, as the underground development is based on cemented tailings produced through the Siana processing plant being back-filled into stoped-out areas. The non-reporting of an open pit Reserve does not impact the reporting of the remaining Siana open pit and underground resources.

The underground Probable Reserve as at 30 June 2018 is 3.01Mt @ 4.1 g/t gold for 396koz of contained gold, which underpins the planned development of an underground mine directly below the existing open pit to extract 0.5Mt of ore per annum for processing through the existing Siana processing plant.

SIANA JORC 2012 OPEN PIT MINERAL RESOURCE AND ORE RESERVE AS AT 30 JUNE 2018

Siana Open Pit Mineral Resource as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2018 JORC 2012	Indicated	0.7	650	3.7	7.9	77	164
	Inferred	0.7	30	2.8	1.2	3	1
	ROM stockpile	0.7	290	1.1	6.6	10	61
	Total	**0.7**	**970**	**2.9**	**7.3**	**90**	**226**

There have been no changes to the Siana Open Pit Mineral Resource as reported at 30 June 2017.

The reporting methodology for the Open Pit Indicated and Inferred Resource only reports material within the pit design as at July 2016 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 2.4 g/t gold cut-off grade.

Siana Open Pit Ore Reserve as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2018 JORC 2012	Probable [1]	-	-	-	-	-	-
	ROM stockpile	0.7	290	1.1	6.6	10	61
	Total	**0.7**	**290**	**1.1**	**6.6**	**10**	**61**

1 No JORC 2012 Open Pit Reserve is reported as at 30 June 2018 for the Siana project, pending construction of a new TSF.

There have been no changes to the Siana Open Pit Reserve as reported at 30 June 2017.

SIANA JORC 2012 UNDERGROUND MINERAL RESOURCE AND ORE RESERVE AS AT 30 JUNE 2018

Siana Underground Mineral Resource as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2018 JORC 2012	Indicated	2.4	3,400	5.2	7.2	566	779
	Inferred	2.4	500	9.3	11.2	153	186
	Total	**2.4**	**3,900**	**5.7**	**7.7**	**719**	**964**

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

Siana Underground Ore Reserve as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2018 JORC 2012	Probable	2.4	3,010	4.1	6.7	396	644
	Total	**2.4**	**3,010**	**4.1**	**6.7**	**396**	**644**

There have been no changes to the Siana Underground Ore Reserve as reported at 30 June 2017.

MAPAWA JORC 2012 OPEN PIT MINERAL RESOURCE

Mapawa JORC 2012 Resource as at 30 June 2018

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2018 JORC 2012	Indicated	0.7	3,270	1.0	3.5	103	371
	Inferred	0.7	5,560	1.0	2.5	185	438
	Total	**0.7**	**8,830**	**1.0**	**2.9**	**289**	**809**

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

Competent Person's Statement for JORC 2012 Resource and Reserve

Mineral Resource

Mr Byron Dumpleton, confirms that he is the Competent Person for the Mineral Resources 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 this report and to the activity for which he is accepting responsibility. Mr Dumpleton is a Member of the Australian Institute of Geoscientists, No. 1598. Mr Dumpleton is a full time employee of Red 5 Limited. Mr Dumpleton has reviewed this report and consents to the inclusion of the matters based on his supporting information in the form and context in which it appears.

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 estimates.

Ore Reserve

Mr Steve Tombs confirms that he is the Competent Person for the underground and open pit Ore Reserve 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 report 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 is a non-executive director of Red 5. Mr Tombs has reviewed this report and consents to the inclusion of the matters based on his supporting information in the form and context in which it appears.

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 Ore Reserves.

Governance and internal controls

Mineral Resources and Ore Reserves are estimated either by suitably qualified consultants or internal personnel in accordance with the applicable JORC Code and using industry standard techniques and internal guidelines for the estimation and reporting of Mineral Resources and Ore Reserves. All data is collected in accordance with applicable JORC Code requirements. Ore Reserve estimates are based on pre-feasibility or feasibility studies which consider all material factors.

The estimates and supporting data and documentation are reviewed by qualified Competent Persons (including estimation methodology, sampling, analytical and test data).

General notes on Mineral Resources and Ore Reserves

Mineral Resources are quoted as inclusive of Ore Reserves and Ore Reserves are quoted as inclusive of Mineral Resources. Discrepancy in summation may occur due to rounding. All ROM stocks and underground stocks quoted are classified as Indicated material and as a Probable reserve. Figures take into account mining depletion as at 30 June 2018.

Notes on Darlot Underground JORC 2012 Mineral Resources and Ore Reserves

Mineral Resources:

1. The updated JORC 2012 Underground Reserve expected marginal cut off will range between <2.0 to 2.3 g/t Au.
2. The Darlot Resource figures quoted are the sum of the Centenary, Pederson, Pederson South, Lords South Lower, Oval and Burswood underground mine working areas.
4. Most of the Mineral Resources are currently being mined, and the Burswood deposit is situated adjacent to current underground workings and mine development has commenced to target this deposit.

Ore Reserves:

1. Gold price of A$1,650 used in the calculations of the Darlot Ore Reserves.
2. Current processing recoveries at the Darlot processing plant range between 93% to 94% for Au.
3. No Inferred Resources have been used in the derivation of the Ore Reserve estimate.
4. External dilution of 20% has been applied.

Notes on KOTH Underground JORC 2012 Mineral Resources and Ore Reserves

Mineral Resources:

1. The updated JORC 2012 Underground Reserve expected mining cut off is 2.0 g/t Au.
2. ROM stocks are reported as Indicated material.

Ore Reserves:

1. Gold price of A$1,650 used in the calculations of the Darlot Ore Reserves.
2. Current processing recoveries at the Darlot processing plant range between 93% to 94% for Au.
3. No Inferred Resources have been used in the derivation of the Ore Reserve estimate.
4. External dilution of 20% has been applied.

Notes on Siana Open Pit JORC 2012 Mineral Resources and Ore Reserves

1. The Open Pit Resource has only been reported above the June 2016 stage 4 pit design.
2. The resource gold cut-off is based on the Open Pit Ore Reserve marginal cut-off grade of 0.7 g/t gold whilst operating which was based on a gold price of US$1,200/oz and silver price of US15/oz, along with a PHP:USD exchange rate of 47:1.
3. The Open Pit resource model has been lithologically defined and is suitable for bulk mining evaluation and not suited for "narrow vein" mine evaluation.
4. Within the open pit resource block model a 15% upgrade factor on gold values above 1.2 g/t has been applied. Actual mill reconciliation is closer to 25%. As a result, the variance between the upgrade factor and mill reconciliation has been used as a de facto dilution factor. The Siana Open Pit Ore Reserve was mined using conventional open pit mining methods using top hammer drill rigs, CAT 40 tonne articulated Dump Trucks and 85 tonne class hydraulic excavators. The same conventional open pit methods will be used upon recommencement of open pit mining operations.
5. ROM material ounces quoted in the open pit reserve table are based on contained metal. Processing recoveries of 85% for gold and 40% for silver are used mine and financial planning.
6. Following the suspension of mining operations at the Siana project and pending construction of a new TSF, no JORC 2012 Open Pit Reserve statement has been reported as at 30 June 2018.

Notes on Siana Underground JORC 2012 Mineral Resources and Ore Reserves

1. The resource for this model has only been reported below the Stage 4 Final Open Pit (-130m level) for the June 2016 figures.
2. The Underground Mineral Resource estimate was prepared by Mining One Pty Ltd.
3. For grade estimation, the updated Siana underground resource has been constrained based on the geological interpretation which coincides with a nominal 1.0 g/t Au threshold grade. Zones of internal waste within some zones graded less than 1.0 g/t Au over a nominal two metres length and were interpreted and estimated separately.
4. The Siana Underground Resource model is suitable for underground mining evaluation below the Stage 4 final open pit.
5. Reserves have been reported below the Stage 4 Final Pit (-130m level) as at March 2016 design.
6. No Inferred Resources have been used in the derivation of the Ore Reserve estimate. A cut-off grade of 2.4 g/t Au has been applied for the underground ore reserves.
7. Reserve ounces quoted are based on contained metal. Processing recoveries of 89% for gold and 45% for silver are used mine and financial planning.

Notes on Mapawa JORC 2012 Mineral Resources

1. The Mapawa LSY deposit was independently estimated by geological consultants, Optiro Pty Ltd
2. The figures take into account historic mining depletion.

Tenement Schedule

as at 21 September 2018

WESTERN AUSTRALIA		
Project	**Tenement number**	**Red 5 interest**
Darlot Gold Mine	E36/0865, E37/1247, E37/1268, E37/1269, E37/1296, E37/1297, E37/1298, L37/0109, L37/0110, L37/0118, L37/0206, L37/0207, L37/0223, L37/0224, L37/230, L37/0237, M37/0155, M37/0252, M37/0373, M37/0417, M37/0418, M37/0419, M37/0420, M37/0584, M37/0592, M37/0608, M37/0667, M37/0774, M37/0775, M37/1217, P37/8698, P37/8699, P37/8700, P37/8701, P37/8716, P37/8788, P37/8789	100%
	L37/0231, L37/238, E36/0941, E36/0944, E36/0945, E37/1350, E37/1352, P36/1879	100% (Applications pending)
	M37/0552, M37/0631, M37/0709, M37/1045	49%
	M37/0246, M37/0265, M37/0320, M37/0343, M37/0345, M37/0393, M37/0776	83.5%
	M37/0421, M37/0632	100% with portion of tenements at 49% via agreement
King of the Hills Project	L37/0211, M37/0021, M37/0067, M37/0076, M37/0090, M37/0179, M37/0201, M37/0222, M37/0248, M37/0330, M37/0394, M37/0407, M37/0410, M37/0416, M37/0429, M37/0449, M37/0451, M37/0457, M37/0496, M37/0529, M37/0544, M37/0547, M37/0548, M37/0551, M37/0570, M37/0571, M37/0572, M37/0573, M37/0574, M37/0905, M37/1050, M37/1051, M37/1081, M37/1105, M37/1165, P37/8391, P37/8392, P37/8393, P37/8394	100%
	P37/9157, P37/9160, P37/9161	100% (Applications pending)
Montague Project	M57/429, M57/485, E57/793	25% free carried

PHILIPPINES				
Project	**Tenement number**	**Registered holder**	**Equity interest**	
			Red 5	**Other**
Siana Gold Project	MPSA 184-2002-XIII	Greenstone	40%	SHIC 60%
	APSA 46-XIII	Greenstone	40%	SHIC 60%
Mapawa Gold Project	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%

Abbreviations	
M: Mining Lease	Greenstone: Greenstone Resources Corporation
P: Prospecting Licence	SHIC: Surigao Holdings and Investments Corporation
E: Exploration Licence	MPSA: Mineral Production Sharing Agreement
L: Miscellaneous Licence	APSA: Application for MPSA

The Directors of Red 5 Limited ("Red 5", "Company" 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 financial year ended 30 June 2018.

DIRECTORS

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

Kevin Anthony Dundo
Mark James Williams
Ian Keith Macpherson
John Colin Loosemore
Steven Lloyd Tombs (appointed on 1 August 2018)

Unless otherwise indicated, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

Subsequent to the year end, the General Manager Operations, Steve Tombs, retired from the Group's executive management team on 31 July 2018, and was appointed as a non-executive director effective from 1 August 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were gold mining and production and mineral exploration.

OPERATING AND FINANCIAL REVIEW

The net loss of the consolidated entity after income tax was $11.9 million (2017: Loss of $110.2 million, inclusive of a non-cash impairment charge on property plant and equipment and mine properties for the Siana Gold Project of $99.8 million).

Project description

Darlot Mining Company Pty Ltd and the King of the Hills gold projects were acquired by the Group on 2 October 2017. Darlot gold mine is located approximately 900 kilometres north-east of Perth in Western Australia and the King of the Hills gold project is located approximately 80 kilometres south of the Darlot mine.

Subsequent to the end of the financial year the Company's Philippine-affiliated company Greenstone Resources Corporation (GRC), was issued a Clearance and Notice to Proceed from the Philippines Mines and Geoscience Bureau (MGB) to construct and operate Tailings Storage Facility 6 (TSF 6) at the Siana Gold Project in the Philippines.

The Philippines Environmental Management Bureau has also amended the co-ordinates of Greenstone Resources' Environmental Compliance Certificate for the Siana Gold Project to include the proposed area of TSF 6, which will allow construction and operation of TSF 6 to proceed, subject to the completion of standard local construction permitting requirements. TSF 6, which is the initial tailings storage facility planned for Siana, has an expected capacity of 1 million tonnes of tailings.

Production summary

A total of 48,259 ounces of gold was recovered for the 2018 financial year from the Australian operation (2017: 41,370 - Siana).

458,835 tonnes of ore were processed for the year (2017: 587,461 – Siana project). The average head grade was 3.5 g/t Au and average recovery was 94% for the year.

Summary of Australian production:

	Units	*2017/18*
Mined tonnes	*t*	402,271
Mined grade	*g/t*	3.42
Tonnes milled	*t*	458,835
Average head grade	*g/t*	3.50
Recovery	*%*	93.5
Gold recovered	*oz*	48,259
Gold sales	*oz*	47,286

Gold sales

Gold sales for the reporting period totalled A$77.1 million (2017: A$68.5 million – Siana project) which excludes $13.7 million of sales from the King of the Hills operation which have been offset against mine development costs. 47,286 ounces (2017: 41,296 – Siana project) were sold at an average price received of US$1,315 per ounce (2017: US$1,260 – Siana project).

Financial Summary

The consolidated entity recorded an operating loss before tax of $13.8 million (2017: Loss of $10.3 million).

Financial Summary	*Year ended*	
	30 June 2018	*30 June 2017*
	A$M	*A$M*
Sale proceeds	77.1	68.5
Cost of goods sold	(80.4)	(71.7)
Gross profit/(loss) from operations	(3.3)	(3.2)
Other income	13.9	1.0
Exploration	(5.6)	(1.5)
Administration and other expenses	(19.4)	(6.6)
Net profit/(loss) before tax and impairment	**(14.4)**	**(10.3)**[1]

[1] *Before impairment of $99.8 million. Refer to Note 12 for additional detail.*

DIVIDENDS

No amounts were paid by way of dividend since the end of the previous financial year (2017: Nil). At the time of this report the Directors do not recommend the payment of a dividend.

OPTIONS GRANTED OVER SHARES

No options were granted during or since the end of the financial year. No person entitled to exercise the options has any right by virtue of the option to participate in any share issue of Red 5 or any other corporation.

PERFORMANCE RIGHTS

At the date of this report, there were 15,643,200 performance rights convertible into ordinary fully paid shares.

	Number
- Vesting date: 30 June 2020 (subject to performance conditions)	15,643,200
	15,643,200

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Royalty sale

In June 2018 the Company entered into an agreement for the sale of the Company's royalty entitlement from the Mt Cattlin mine in Western Australia to Canadian royalty company, Lithium Royalty Corporation. At year end the sale of the royalty was recognised, as all material conditions to the Sale and Purchase Agreement had been satisfied. The total consideration for the transaction of $11 million was received in July 2018.

Siana Gold Project approval

Subsequent to the end of the financial year the Company's Philippine-affiliated company Greenstone Resources Corporation (GRC), was issued a Clearance and Notice to Proceed from the Philippines Mines and Geoscience Bureau (MGB) to construct and operate Tailings Storage Facility 6 (TSF 6) at the Siana Gold Project in the Philippines.

The Philippines Environmental Management Bureau has also amended the co-ordinates of Greenstone Resources' Environmental Compliance Certificate for the Siana Gold Project to include the proposed area of TSF 6, which will allow construction and operation of TSF 6 to proceed, subject to the completion of standard local construction permitting requirements. TSF 6, which is the initial tailings storage facility planned for Siana, has an expected capacity of 1 million tonnes of tailings.

Gold loan facility

In September 2018 the Company entered into a gold loan facility of 5,015 ounces with Malaysian-based investment fund, Asian Investment Management Services Ltd (AIMSL). The gold loan facility was for the provision by AIMSL to the Company of a gold loan of 5,015 gold ounces available in one tranche. The facility has a term of 12 months and is secured by a security interest in Red 5's Australian operating subsidiary companies on a limited recourse basis.

This facility was drawn down in September 2018 for net proceeds of approximately A$8.2 million and, together with cash-flow from existing operations will be used to advance development at Darlot and King of the Hills, maintain ongoing exploration momentum at both mines and for general working capital purposes.

LIKELY DEVELOPMENTS

In the opinion of the Directors there is no information available as at the date of this report on any likely developments which may materially affect the operations of the Group other than detailed in the subsequent events and the expected results of those operations.

INFORMATION ON DIRECTORS

Kevin Dundo
(Non-Executive Chairman)
B.Com, LLB, FCPA

A Non-Executive Director since March 2010 and Chairman since November 2013. Mr Dundo practices 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 remuneration and nomination committee, the audit committee and the health, safety, environment and community committee.
Other current public listed company directorships:
Imdex Limited (since January 2004) and Cash Converters International Limited (since February 2015).

Mark Williams
(Managing Director)
Dip CSM Mining, GAICD

A Non-Executive Director from January 2014 and Managing Director since April 2014. Mr Williams was previously General Manager of the Tampakan Copper-Gold Project in the 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.
Mr Williams has not held directorships in any other listed companies in the last 3 years.

Ian Macpherson
(Non-Executive Director)
B.Comm, CA

A Non-Executive Director since April 2014. Mr Macpherson is a chartered accountant with over 35 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 and mineral exploration 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, corporate affairs and Stock Exchange compliance for publicly listed companies. Mr Macpherson is Chairman of the audit committee and the remuneration and nomination committee.
Other current directorships:
RBR Group Ltd (since October 2010).
Former directorships in the last 3 years:
Avita Medical Limited (March 2008-January 2016).

Colin Loosemore
(Non-Executive Director)
B.Sc.Hons., M.Sc., DIC., FAusIMM

A Non-Executive Director since December 2014. Mr Loosemore is a geologist with over 40 years' experience in multi-commodity exploration including over 30 years as a director of public exploration companies within Australia and overseas.
He graduated from London University in 1970 and the Royal School of Mines in 1977. Mr Loosemore was most recently Managing Director of Archipelago Resources plc where he oversaw development of the Toka Tindung Gold Mine in Sulawesi, Indonesia. Mr Loosemore is a member of the remuneration and nomination committee and the audit committee and is Chairman of the health, safety, environment and community committee.
Mr Loosemore has not held directorships in any other listed companies in the last 3 years.

Steve Tombs
(Non-Executive Director) Appointed 1 August 2018
B.Sc.Hons., FAusIMM

A Non-Executive Director since August 2018. Mr Tombs is a Mining Engineer with over 40 years' experience in the mining industry in Australia and overseas. Mr Tombs graduated from Nottingham University in 1976 and was previously Red 5's General Manager Operations at Darlot and the Underground Project Manager at Siana. Mr Tombs previously held Senior Management positions at AngloGold Ashanti, Placer Dome and Newcrest in the Eastern Goldfields.
Mr Tombs has not held directorships in any other public companies in the last 3 years.

INFORMATION ON COMPANY SECRETARY

Frank Campagna
B.Bus (Acc), CPA

Company Secretary of Red 5 since June 2002. Mr Campagna is a Certified Practicing Accountant with over 25 years' experience as Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

Details of Directors' interests in the securities of Red 5 as at the date of this report are as follows:

Director	Fully paid shares	Options	Performance Rights
K Dundo	1,430,409	–	–
M Williams	5,009,294	–	5,616,400
I Macpherson	459,957	–	–
C Loosemore	6,824,212	–	–
S Tombs	2,000,667	–	–

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors of Red 5 and of each Board committee held during the year ended 30 June 2018 and the number of meetings attended by each Director whilst in office are as follows:

	Board meetings		Audit committee		Remuneration committee	
	Number held	*Number attended*	*Number held*	*Number attended*	*Number held*	*Number attended*
K Dundo	9	9	2	2	2	2
M Williams	9	9	–	–	–	–
I Macpherson	9	9	2	2	2	2
C Loosemore	9	9	2	1	2	2

REMUNERATION REPORT (AUDITED)

This report sets out the current remuneration arrangements for Directors and executives of Red 5. For the purposes of this report, key management personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling major activities of the consolidated entity, including any Director (whether Executive or Non-Executive) of Red 5.

Principles used to determine the nature and amount of remuneration

Directors and executives remuneration

Red 5's remuneration policies are designed to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of Red 5. The main principles of the policy are:

- fixed remuneration should be set around the middle of the relevant market data, at P50/50th percentile;
- reward reflects the competitive market in which Red 5 operates;
- for executives, individual reward should be linked to performance criteria through variable remuneration, and
  - at target, which is intended to be a challenging but achievable performance, the combination of fixed remuneration and the outcomes of variable remuneration should position Total Remuneration Packages between P50 and P75 of the market,
  - variable remuneration should generally be offered in the form of separate short (1 year) and long term (3 year) incentives; and
- Non-Executive Directors should not receive remuneration related to performance or participate in any executive incentive plan.

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions. Within this framework, the remuneration committee considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for the Managing Director and senior executives. Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance, relevant comparative information and expert advice.

Red 5's remuneration policy for the Managing Director and senior executives is designed to promote superior performance and long term commitment to Red 5, while building sustainable shareholder value. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing Red 5's operations. The Managing Director and senior executives receive a base remuneration which is market related, together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

The structure of remuneration packages for the Managing Director and other senior executives comprises:

- a fixed sum base salary plus superannuation benefits;
- short term incentives linked to annual planning and longer term objectives; and
- long term incentives through participation in performance based equity plans, with the prior approval of shareholders to the extent required.

The proportion of fixed and variable remuneration is established for the Managing Director and senior executives by the remuneration committee and is linked to both relevant market practices and the degree to which the Board intends participants to focus on short and long term outcomes.

The objective of short term incentives is to link achievement of Red 5's annual targets for outcomes linked to Red 5's strategy, or which clearly build shareholder value, with the remuneration received by executives charged with meeting those targets. The short term incentive is an "at risk" component of remuneration for key management personnel and is payable based on performance against key performance indicators set at the beginning of each financial year. Targets are intended to be challenging but achievable and may or may not be linked to budget, depending on whether or not the budget is viewed by the Board as meeting this definition.

The objective of long term incentives is to promote alignment between executives and shareholders through the holding of equity. As such, long term incentives are only granted to executives who are able to directly influence the generation of shareholder wealth, or who are in a position to contribute to shareholder wealth creation.

As the operations of the Group expand, the Board continues to progressively develop remuneration policies and practices that appropriately link remuneration to company performance and shareholder wealth, given the circumstances of Red 5 at the time. This includes a long term incentive scheme whereby Performance Rights will be granted with a measurement period of three years with vesting conditions comprising TSR and agreed operational measures including gold production and strategic targets. The TSR measure is subject to a positive TSR gate and that other measures are subject to a production or financial gate. The Group's Total Shareholder Return (TSR) is measured as a percentile ranking compared to the S&P/ASX All Ordinaries Gold Index.

Performance incentives may be offered to the Managing Director and senior executives through the operation of incentive schemes. The short term incentive is offered annually, set as a percentage of annual salary, payment of which is conditional upon the achievement of agreed key performance indicators (KPIs) for each executive, which comprise a combination of agreed milestones and financial measures. These milestones are selected from group, functional/unit and individual level objectives, each weighted to reflect their relative importance and each with targets linked to the Board's expectations and with threshold, target and stretch levels set where possible (some KPIs are binary and are either achieved or not achieved). The KPIs comprise financial and non-financial objectives and include out-performance against the annual operating budget, health and safety targets and specific operations-related milestones. Measures chosen directly align the individual's reward to the KPIs of the group and to its strategy and performance. The plan also has a financial gate to ensure that no performance bonus is payable when it would be inappropriate or unaffordable to do so. Any award under the STI for the Managing Director is subject to deferral at a rate of 50% of the award, to be delivered in the form of Service or Deferred Rights, subject to shareholder approval, if required. The Service and Deferred Rights are intended to prevent the equity being sold for a period of 12 to 24 months (respectively). The purpose of deferral is to manage the risk of short-termism inherent in setting short term objectives, to promote sustainable value creation and to build further alignment with shareholders.

Non-Executive Directors' remuneration

In accordance with current corporate governance practices, the structure for the remuneration of Non-Executive Directors and senior executives is separate and distinct. Shareholders approve the maximum aggregate remuneration payable to Non-Executive Directors, with the current approved limit being $500,000 per annum. The remuneration committee recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations. The current fee policy is as follows:

- the Chair receives fees of $120,000 per annum plus superannuation;
- Non-Executive Directors receive $90,000 per annum plus superannuation;
- Chairs of Board committees receive:
  - $10,000 per annum plus superannuation for the audit committee, and
  - $5,000 per annum plus superannuation for other committees;
- committee members are not paid any additional fee;
- Non-Executive Directors are entitled to statutory superannuation benefits; and
- the Board approves any consultancy arrangements for Non-Executive Directors who provide services outside of and in addition to their duties as Non-Executive Directors.

Non-Executive Directors are not entitled to participate in performance based remuneration schemes. However, the Board proposes to seek annual shareholder reapproval for a Non-Executive Directors' share plan, under which Non-Executive Directors can elect to receive a portion of their existing Directors fees in shares in Red 5. All Directors are entitled to have premiums on indemnity insurance paid by Red 5. During the financial year, Red 5 paid premiums of $204,283 (2017: $202,369) to insure the Directors and other officers of the consolidated entity. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

Share-based compensation

The Board has adopted the Red 5 Employee Share Option Plan (ESOP) and a Rights Plan. The primary purposes of these plans are to increase the motivation of employees, promote the retention of employees, align employee interests with those of Red 5 and its shareholders and to reward employees who contribute to the growth of Red 5. The Red 5 Rights Plan is appropriately utilised for offers of both deferred short term incentives (Service and Deferred Rights) and long term incentives (Performance Rights). Specific performance hurdles or vesting schedules are determined by the Board at the time of grant under the ESOP or Rights Plan in the case of LTI, and are aligned with the stage of development and operations of the Group and market conditions and practices.

Red 5's share trading policy prohibits key management personnel that are granted share-based payments as part of their remuneration, from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements is also prohibited by law.

Group performance

The following table summarises key measures of Group performance for FY18 and the previous four financial years.

	2018 $	2017 $	2016 $	2015 $	2014 $
Profit/(Loss) before income tax attributable to owners of the company	(14,387,213)	(110,124,206)	24,787,481	(60,304,510)	(6,935,115)
Dividends paid	–	–	–	–	–
Share price at 30 June	$0.08	$0.033	$0.074	$0.096	$0.09

Details of remuneration

The following table discloses details of the nature and amount of each element of the remuneration paid to key management personnel including the Directors of Red 5 for the year ended 30 June 2018.

2018	Short term							
Name	Salary or directors fees $	Expenses $	Bonus $	Termination benefits $	Super-annuation $	Annual and long service leave $	Share based payments $	Total $
Executive director								
M Williams	455,634(1)	–	265,602	–	25,000	20,115	73,636(2)	839,987
Non-executive directors								
K Dundo	90,000	–	–	–	10,688	–	22,500(3)	123,188
I Macpherson	78,750	–	–	–	9,500	–	21,250(4)	109,500
C Loosemore	71,250	–	–	–	8,550	–	18,750(5)	98,550
Executives								
J Tasovac	265,000(6)	–	118,045	–	25,092	22,197	41,962	472,296
S Tombs	248,750(7)	–	127,883	–	24,344	16,172	45,458	462,607
Total	**1,209,384**	**–**	**511,530**	**–**	**103,174**	**58,484**	**223,556**	**2,106,128**

(1) Includes salary, superannuation contributions above concessional cap.

(2) Relates to performance rights granted in the current financial year.

(3) Mr Kevin Dundo was issued 487,013 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees.

(4) Mr Ian Macpherson was issued 459,957 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees.

(5) Mr Colin Loosemore was issued 405,844 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees.

(6) Includes salary and superannuation contributions above the concessional cap from 15 August 2017 when Mr Tasovac was appointed as Chief Financial Officer.

(7) Includes salary and superannuation contributions above the concessional cap from 1 October 2017 when Mr Tombs was appointed as General Manager Operations for Darlot Mining Company Pty Ltd.

Short term incentive bonus component of remuneration based on achievement of group and specific role related operational targets for the year ended 30 June 2018 including achievement of core EBITDA targets, completion of the acquisition of the Darlot and King of the Hills gold mines, the achievement of gold production and cost targets for the financial year and individual effectiveness. The amount vested represents 90% of the available target bonus with the balance being forfeited due to performance criteria not being met. The financial gate of a minimum level of gold production based on a challenging work plan and operating budget was exceeded. 50% of the performance bonus is payable in share rights for Mr Williams and Mr Tasovac, with the issue of share rights to Mr Williams subject to shareholder approval.

2017	Short term							
Name	Salary or directors fees $	Expenses $	Bonus $	Termination benefits $	Super-annuation $	Annual and long service leave $	Share based payments $	Total $
Executive director								
M Williams	457,750 (1)	–	–	–	35,000	11,538	188,400 (2)	692,688
Non-executive directors								
K Dundo	67,500	–	–	–	8,550	–	22,500 (3)	98,550
I Macpherson	85,000	–	–	–	8,075	–	–	93,075
C Loosemore	56,250	–	–	–	7,125	–	18,750 (4)	82,125
Executives								
J Mobilia	307,500 (5)	–	125,000 (6)	100,000	35,000	7,500	–	575,000
D Jerdin	283,121	14,509 (7)	–	–	–	–	–	297,630
Total	**1,257,121**	**14,509**	**125,000**	**100,000**	**93,750**	**19,038**	**229,650**	**1,839,068**

(1) Includes salary, superannuation contributions above concessional cap.

(2) Relates to performance rights expense, deferred and service rights relating to the prior financial year and granted in the current financial year. No short term incentive bonus was awarded for the year ended 30 June 2017 as the financial gate was not met.

(3) Mr Kevin Dundo was issued 707,547 ordinary shares at a deemed issue price of 3.18 cents in satisfaction of his March 2017 quarter's Directors fees.

(4) Mr Colin Loosemore was issued 589,623 ordinary shares at a deemed issue price of 3.18 cents in satisfaction of his March 2017 quarter's Directors fees.

(5) Includes salary, superannuation contributions above the concessional cap and on termination.

(6) Short term incentive bonus relating to prior financial year based on achievement of group and specific role related operational targets for the year ended 30 June 2016.

(7) Reimbursement of travel expenses as per terms of employment agreement.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed		At risk – short term incentives		At risk – long term incentives	
	2018	2017	2018	2017	2018	2017
Executive directors						
M Williams	60%	73%	31%	23%	9%	4%
Non-executive directors						
K Dundo	100%	100%	–	–	–	–
I Macpherson	100%	100%	–	–	–	–
C Loosemore	100%	100%	–	–	–	–
Executives						
J Tasovac	66%	–	25%	–	9%	–
S Tombs	63%	–	27%	–	10%	–

Options granted to key management personnel

No options over ordinary shares were granted during the year to executive officers of Red 5 as part of their remuneration.

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

Share holdings of key management personnel

The numbers of shares in Red 5 held during the financial year by key management personnel, including personally-related entities are set out below.

2018	Balance at 1 July 2017	Received during the year through the issue of shares	Purchases during the year as part of rights issue	Balance at 30 June 2018
M Williams	3,078,485	678,485	1,252,324	5,009,294
K Dundo	707,547	487,013(1)	235,849	1,430,409
I Macpherson	–	459,957(2)	–	459,957
C Loosemore	4,813,776	405,844(3)	1,604,592	6,824,212
Total	**8,599,808**	**2,031,299**	**3,092,765**	**13,723,872**

(1) Mr Kevin Dundo was issued 487,013 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees pursuant to the Non-Executive Directors Share Plan (NED Share Plan) as approved by shareholders.

(2) Mr Ian Macpherson was issued 459,957 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees pursuant to the NED Share Plan.

(3) Mr Colin Loosemore was issued 405,844 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees pursuant to the NED Share Plan.

Shares issued, Service and Deferred Rights

	Grant date	Vesting date	Fair value at grant date	Granted/ issued	Exercised
Managing Director Service Rights	22-Nov-16	11-Aug-17	78,840	678,485	(678,485)
Non Executive Director Shares(1)	5-Oct-17	5-Oct-17	22,500	487,013	(487,013)
Non Executive Director Shares(2)	5-Oct-17	5-Oct-17	21,250	459,957	(459,957)
Non Executive Director Shares(3)	5-Oct-17	5-Oct-17	18,750	405,844	(405,844)

(1) Mr Kevin Dundo was issued 487,013 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees pursuant to the Non-Executive Directors Share Plan (NED Share Plan) as approved by shareholders.

(2) Mr Ian Macpherson was issued 459,957 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees pursuant to the NED Share Plan.

(3) Mr Colin Loosemore was issued 405,844 ordinary shares at a deemed issue price of 4.62 cents in lieu of his September 2017 quarter's Directors fees pursuant to the NED Share Plan.

Share based payments expense for shares issued, service and deferred rights was $215,456 (2017: $198,930).

Performance Rights held by key management personnel

The number of performance rights in Red 5 held during the financial year by key management personnel are set out below.

<table>
<tr><th></th><th colspan="2">Tranche A</th><th colspan="2">Tranche B</th><th colspan="2">Tranche C</th><th>Tranche D</th></tr>
<tr><td>Number of performance rights</td><td colspan="2">6,313,400</td><td colspan="2">2,525,360</td><td colspan="2">2,525,360</td><td>1,262,680</td></tr>
<tr><td>Value per right</td><td colspan="2">$0.049</td><td colspan="2">$0.056</td><td colspan="2">$0.056</td><td>$0.056</td></tr>
<tr><td>Valuation per tranche</td><td colspan="2">$309,357</td><td colspan="2">$141,420</td><td colspan="2">$141,420</td><td>$70,710</td></tr>
<tr><td>Grant date</td><td colspan="2">20 September 2017</td><td colspan="2">20 September 2017</td><td colspan="2">20 September 2017</td><td>20 September 2017</td></tr>
<tr><td>Commencement date</td><td colspan="2">1 July 2017</td><td colspan="2">1 July 2017</td><td colspan="2">1 July 2017</td><td>1 July 2017</td></tr>
<tr><td>Vesting date</td><td colspan="2">30 June 2020</td><td colspan="2">30 June 2020</td><td colspan="2">30 June 2020</td><td>30 June 2020</td></tr>
<tr><td>Condition criteria</td><td colspan="2">TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index</td><td colspan="2">Growth in the Company's ore reserves</td><td colspan="2">Operating costs as % of budgeted operating costs</td><td>Safety compliance</td></tr>
<tr><td rowspan="4"></td><td>TSR > Index TSR +20%</td><td>100%</td><td>Stretch: 35%</td><td>100%</td><td>Stretch: 80%</td><td>100%</td><td rowspan="4">All criteria to be met:
– No fatalities
– Implement a Company-wide safety management system
– Year on year improvement in safety performance</td></tr>
<tr><td>TSR > Index TSR +10%</td><td>50%</td><td>Target: 20%</td><td>50%</td><td>Target: 90%</td><td>50%</td></tr>
<tr><td>TSR < or equal to Index TSR</td><td>nil</td><td>Threshold: 15%</td><td>25%</td><td>Threshold: 95%</td><td>25%</td></tr>
<tr><td colspan="2"></td><td>< 15%</td><td>nil</td><td>> 95%</td><td>nil</td></tr>
</table>

Service agreements

The terms of employment for Executive Directors and Key Management Personnel are formalised in service agreements. Major provisions of the agreements are set out below.

Mark Williams – Managing Director

Term of agreement: no defined period.

Remuneration: base salary of $450,000 per annum plus statutory superannuation contributions.

Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance. One half of any performance bonus is payable in cash and one half is to be satisfied by the issue of Share Rights which are subject to service or escrow conditions.

Equity compensation: entitlement to be granted indeterminate rights which can be delivered in either cash or shares. The rights will be granted annually with a measurement period of three years with vesting conditions comprising outperformance against TSR and agreed operational measures including gold production targets.

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving 12 months' notice or payment in lieu of notice and by Mr Williams giving 3 months' notice.

John Tasovac – Chief Financial Officer (commenced employment on 15 August 2017)

Term of agreement: no defined period.

Remuneration: base salary of $300,000 per annum plus statutory superannuation contributions.

Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance.

Equity compensation: entitlement to participate in the ESOP or PR Plan with performance hurdles or vesting schedules determined at time of grant.

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving 6 months' notice or payment in lieu of notice.

Steve Tombs – General Manager Operations

Term of agreement: no defined period.

Remuneration: base salary of $325,000 per annum plus statutory superannuation contributions.

Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance.

Equity compensation: entitlement to participate in the ESOP or PR Plan with performance hurdles or vesting schedules determined at time of grant

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving 6 months' notice or payment in lieu of notice. Subsequent to the end of the reporting period Steve Tombs announced his retirement and ceased to be an employee. He has taken up a position as a non-executive director from 1 August 2018.

Other transactions with Directors

Consulting fees of $28,800 were paid to Ian Macpherson, a non-executive Director of the Company, for the provision of financial advisory and corporate support services during the period in relation to the acquisition of Darlot and King of the Hills. The consultancy agreement concluded on 15 September 2017.

There were no other transactions during the year between the consolidated entity and Directors or their Director-related entities.

Services from remuneration consultants

During the financial year, the Remuneration Committee engaged Godfrey Remuneration Group (GRG) as independent remuneration consultants to provide a market benchmarking report on chief executive officer remuneration levels and a review of short term and long term incentive schemes for senior executives and plan documents. Remuneration recommendations were provided to the Remuneration Committee as an input into the decision making process.
The Remuneration Committee considered the recommendations in conjunction with other factors in making its remuneration determinations. The Remuneration Committee is satisfied that the advice received from GRG is free from undue influence from the KMP to whom the remuneration recommendations apply, as GRG were engaged by and reported directly to the Chair of the Remuneration Committee with no involvement by the KMP.
GRG also made the required independence declarations in their reports, which indicated that the consultant viewed the advice as free from undue influence from the KMP that were the subject of the advice. The fee for this service was $24,700.

End of Audited Remuneration Report.

NON-AUDIT SERVICES

During the year, Red 5's external auditors, KPMG, have provided other services in addition to their statutory audit function. Non audit services provided by the external auditors comprised $544,200 (2017: $30,188) for non audit services. Further details of remuneration of the auditors are set out in Note 22.

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act and did not compromise the auditor independence requirements of the Corporations Act, for the following reasons:

- All non-audit services were subject to the corporate governance guidelines adopted by Red 5;
- Non-audit services have been reviewed by the audit committee to ensure that they do not impact the impartiality or objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity, acting as an advocate for Red 5 or jointly sharing economic risks and rewards.

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.

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia and Philippines. The consolidated entity is a party to exploration and development licences and has beneficial interests in Mineral Production Sharing Agreements. Generally, these licences and agreements specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The consolidated entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the consolidated entity by any government agency during the year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
21 September 2018

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 audit of Red 5 Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

21 September 2018

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	CONSOLIDATED 2018 $	2017 $
Revenue		**77,149,429**	68,515,762
Cost of sales	*5*	**(80,487,906)**	(71,696,241)
Gross profit/(loss) from operations		**(3,338,477)**	(3,180,479)
Other income	*5*	**13,872,892**	1,048,177
Administration and other expenses	*5*	**(11,992,903)**	(6,660,446)
Care and maintenance	*5*	**(6,079,136)**	-
Exploration expense	*13*	**(5,559,594)**	(1,551,203)
Impairment expense	*5*	**-**	(99,799,920)
Operating profit/(loss)		**(13,097,218)**	(110,143,871)
Finance income	*5*	**46,874**	24,539
Finance expenses	*5*	**(1,336,869)**	(4,874)
Net financing income		**(1,289,995)**	19,665
Profit/(loss) before tax		**(14,387,213)**	(110,124,206)
Income tax benefit/(expense)	*6*	**2,459,639**	(78,989)
Net profit/(loss) after tax for the year		**(11,927,574)**	(110,203,195)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Movement in foreign currency translation reserve		**(760,883)**	(12,247,948)
Re-measurement of defined retirement benefit		**78,333**	252,429
Effective portion of changes in fair value of cashflow hedges		**497,966**	-
Total comprehensive income/(loss) for the year		**(12,112,158)**	(122,198,714)
Net profit/(loss) after tax attributable to:			
- Non-controlling interest		**(294,522)**	(2,644,877)
- Owners of the Company		**(11,633,052)**	(107,558,318)
		(11,927,574)	(110,203,195)
Total comprehensive income/(loss) attributable to:			
- Non-controlling interest		**(312,783)**	(2,938,827)
- Owners of the Company		**(11,799,375)**	(119,259,887)
		(12,112,158)	(122,198,714)
		Cents	*Cents*
Basic and diluted profit/(loss) per share (cents per share)	*27*	**(1.07)**	(14.11)

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

		CONSOLIDATED	
		2018	2017
	Note	**$**	$
CURRENT ASSETS			
Cash and cash equivalents	*7*	**7,148,401**	5,393,463
Trade and other receivables	*8*	**21,023,209**	9,298,003
Other financial assets	*30*	**761,679**	-
Inventories	*9*	**16,656,227**	13,915,306
TOTAL CURRENT ASSETS		**45,589,516**	28,606,772
NON-CURRENT ASSETS			
Trade and other receivables	*8*	**1,637,280**	3,702,594
Property, plant and equipment	*10*	**78,980,717**	42,489,004
Intangible assets	*11*	**30,723,465**	-
Mine development	*12*	**16,340,809**	4,291,715
TOTAL NON-CURRENT ASSETS		**127,682,271**	50,483,313
TOTAL ASSETS		**173,271,787**	79,090,085
CURRENT LIABILITIES			
Trade and other payables	*14*	**38,971,154**	4,694,572
Income tax payable	*15*	**739,121**	-
Employee benefits	*16*	**5,218,185**	118,396
Provisions	*17*	**1,116,104**	1,116,104
Finance lease liabilities	*18*	**1,077,448**	-
TOTAL CURRENT LIABILITIES		**47,122,012**	5,929,072
NON-CURRENT LIABILITIES			
Trade and other payables	*14*	**5,503,646**	-
Employee benefits	*16*	**349,465**	10,981
Provisions	*17*	**31,575,769**	3,692,206
Deferred tax liability	*6*	**6,069,001**	-
Finance lease liabilities	*18*	**1,400,597**	-
TOTAL NON-CURRENT LIABILITIES		**44,898,478**	3,703,187
TOTAL LIABILITIES		**92,020,490**	9,632,259
NET ASSETS		**81,251,297**	69,457,826
EQUITY			
Contributed equity	*19*	**260,364,664**	236,674,602
Other equity	*19*	**930,285**	930,285
Reserves	*20*	**21,806,876**	21,836,580
Accumulated losses		**(197,868,185)**	(186,314,081)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**85,233,640**	73,127,386
Non-controlling interest		**(3,982,343)**	(3,669,560)
TOTAL EQUITY		**81,251,297**	69,457,826

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2018

	Issued capital	Other equity (2)	Accumulated losses	Other reserves (1)	Non controlling interest	Total
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY					
	$	$	$	$	$	$
CONSOLIDATED						
Balance at 1 July 2016	236,554,512	930,285	(78,853,150)	33,525,976	(730,733)	191,426,890
Net loss	-	-	(107,558,318)	-	(2,644,877)	(110,203,195)
Other comprehensive income for the year	-	-	-	(11,701,569)	(293,950)	(11,995,519)
Total comprehensive income for the year	-	-	(107,558,318)	(11,701,569)	(2,938,827)	(122,198,714)
Shares issued during the year	120,090	-	-	-	-	120,090
Share based payments	-	-	-	30,720	-	30,720
Issue of service rights expense	-	-	-	78,840	-	78,840
Expired performance rights – transfers from reserves	-	-	97,387	(97,387)	-	-
Balance at 30 June 2017	**236,674,602**	**930,285**	**(186,314,081)**	**21,836,580**	**(3,669,560)**	**69,457,826**
Balance at 1 July 2017	236,674,602	930,285	(186,314,081)	21,836,580	(3,669,560)	69,457,826
Net loss	-	-	(11,633,052)	-	(294,522)	(11,927,574)
Other comprehensive loss for the year	-	-	-	(166,321)	(18,261)	(184,582)
Total comprehensive loss for the year	-	-	(11,633,052)	(166,321)	(312,783)	(12,112,156)
Shares issued during the year	62,500	-	-	-	-	62,500
Share based payments	-	-	-	317,465	-	317,465
Service rights converted to ordinary shares	78,840	-	-	(78,840)	-	-
Expired performance rights – transfer from reserves	-	-	78,948	(102,008)	-	(23,060)
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 expenses	(193,030)	-	-	-	-	(193,030)
Balance at 30 June 2018	**260,364,664**	**930,285**	**(197,868,185)**	**21,806,876**	**(3,982,343)**	**81,251,297**

(1) Other reserves represent foreign currency translation reserve, hedging reserve, defined retirement benefit, and the share based payment reserve. Refer note 20.

(2) Refer to note 20 for further explanation.

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2018

		CONSOLIDATED	
		2018	2017
	Note	**$**	$
Cash flows from operating activities			
Receipts from sale of gold		**78,415,614**	61,802,852
Royalties received		**2,329,733**	-
Payments to suppliers and employees		**(58,425,038)**	(57,391,957)
Payments for exploration and evaluation		**(4,127,877)**	(1,551,203)
Payments for property and income taxes		**-**	(1,712,161)
Interest received		**46,133**	24,539
Interest paid		**(38,726)**	(4,874)
Sundry receipts		**795,922**	548,177
Net cash from / (used in) operating activities	*26*	**18,995,761**	1,715,373
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(4,115,524)**	(8,093,780)
Payments for mine development		**(25,586,573)**	(5,320,595)
Receipts from sales offset against mine development		**13,718,264**	-
Payments for acquisition of King of the Hills assets		**(7,000,000)**	-
Payments for acquisition of Darlot		**(6,742,265)**	-
Net cash used in investing activities		**(29,726,098)**	(13,414,375)
Cash flows from financing activities			
Proceeds from issue of shares		**12,741,752**	-
Payments for share issue transaction costs		**(193,031)**	-
Payments of finance lease liabilities		**(561,147)**	-
Net cash used in financing activities		**11,987,574**	-
Net increase/(decrease) in cash held		**1,257,237**	(11,699,002)
Cash at the beginning of the financial year		**5,393,463**	18,189,210
Effect of exchange rate fluctuations on cash held		**497,701**	(1,096,745)
Cash at the end of the financial year	*7*	**7,148,401**	5,393,463

The accompanying notes form part of these financial statements.

1. REPORTING ENTITY

Red 5 Limited (the "Company") is a for profit company domiciled in Australia. The address of the Company's registered office is Level 2 35 Ventnor Avenue, West Perth, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries, associates and jointly controlled entities (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in the exploration and mining of gold.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 21 September 2018.

2.2 Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group recorded an operating loss after tax of $11.9 million and net cash outflows from operating and investing activities of $10.7 million for the year ended 30 June 2018 and at balance date, had net working capital deficit of $1.5 million.

Management have prepared a cash flow forecast for the next twelve months. Key assumptions in the cashflow forecast include:

- Continued suspension of mining operations at the Siana Gold Project;
- Net cash inflows being generated from the Darlot Gold Mine and King of the Hill Gold Project;
- Scheduled repayments of deferred consideration (refer note 14) either through a combination of funds from the gold loan as detailed in the subsequent event note and operations.

The Directors have a reasonable expectation that the cash flow forecasts will be achieved. The Directors believe the Group will be able to continue as a going concern and recognise that:

- Mining operations at the Siana Gold Project are currently suspended which has substantially reduced cash outflows;
- As at 30 June 2018 the Company had $12.9 million in cash and gold bullion held in its metal account;
- The Darlot Gold Mine and King of the Hills Gold Project are expected to provide positive cash flow generation for the Company;
- The Company has entered into a gold loan facility for $8.2 million which was drawn down in September 2018 and expires in September 2019 (refer note 28).

The Company has prepared a cashflow forecast for 12 month period ending 30 September 2019 which anticipates the group is able to pay its debts as and when they fall due during that period. The cashflow forecast is underpinned by key assumptions including gold production, A$ gold price and operating costs of production. The forecast gold production is the critical assumption as production is expected to continue to increase as the King of the Hills project progresses through the development phase, and with higher levels of production expected at Darlot as higher grade areas are mined. If required, the Group has the ability to curtail certain expenditure or raise additional funding through debt or equity or a combination of both.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for share based payments. Share based payments are measured at fair value. The methods used to measure fair values of share based payments are discussed further in the Note 4.13. Rehabilitation provisions are based on net present value and are discussed in Note 4.15.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

2.5 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in Note 4.20.

3. REMOVAL OF PARENT ENTITY FINANCIAL STATEMENTS

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 33.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the consolidated entity. No additional standards or amendments have been early adopted in the current year.

4.1 Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by the Company as at 30 June 2018 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Where control of an entity is obtained during a financial period, its results are included only from the date upon which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed. Non-controlling interests in equity and results of the entities which are controlled by the consolidated entity are shown as a separate item in the consolidated financial statements.

4.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Gold and silver sales

Revenue from the sale of gold and silver is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have transferred to the buyer upon receipt of doré in the gold room. Income received by the consolidated entity for silver sales is deducted from the cost of sales.

4.3 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest rate method. Finance expenses comprise interest expense on borrowings and amortisation of loan borrowing costs. Loan borrowing costs are amortised using the effective interest rate method.

4.4 Property, plant and equipment

Property, plant and equipment include land, buildings, plant and equipment, and fixtures and fittings. All assets acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Land and buildings are measured at cost less accumulated depreciation on the buildings. Buildings are depreciated on a straightline basis over the life of mine.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Items of plant and equipment are depreciated using a combination of the straight line and diminishing value methods commencing from the time they are installed and ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use. Depreciation of the processing plant is based on life of mine. The expected useful lives of plant and equipment are between 3 and 13 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Fixtures and fittings include office equipment and computer hardware and is depreciated on a straight-line basis over their expected useful lives between 3 and 13 years.

4.5 Intangible assets

Intangible assets other than goodwill, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Capitalised software is amortised on a straight-line basis over three years commencing when it is available for use. Mineral rights acquired is amortised over the life of mine.

4.6 Inventories

Gold in circuit, bullion on hand and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and comprises direct material, labour and an appropriate portion of fixed and variable production overhead expenditure on the basis of normal operating capacity, including depreciation and amortisation incurred in converting materials to finished products.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of cost and net realisable value. Any provision for obsolescence or damage is determined by reference to specific stock items identified. The carrying value of those items identified, if any, is written down to net realisable value.

4.7 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated at cost in respect of each identifiable area of interest. Costs incurred in respect of generative, broad scale exploration activities are expensed in the period in which they are incurred. Costs incurred for each area of interest where a resource or reserve, estimated in accordance with JORC guidelines has been identified, are capitalised. The costs are only carried forward to the extent they are expected to be recouped through the successful development of the area, or where further work is to be performed to provide additional information.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated costs in relation to an abandoned area will be written off in full to the Statement of Profit or Loss and Other Comprehensive Income in the year in which the decision to abandon the area is made.

4.8 Mine Development

Pre-production

Costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs. Mine development costs are deferred until production commences, at which time they are amortised over the productive life of the project on a unit-of-production basis, based on reserves.

Post-production

Costs incurred in the development of a mine after production commences are capitalised as part of the mine development costs and are amortised over the productive life of the project on a unit-of-production basis, based on reserves.

Deferred waste mining costs

In the production phase all costs associated with waste removal are capitalised and amortised over the productive life of the open pit on a unit-of-production basis based on reserves and current mine schedule.

4.9 Impairment

At each reporting date, the consolidated entity reviews and tests the carrying value of assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Statement of Profit or Loss and Other Comprehensive Income.

Calculation of recoverable amount

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4.10 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax is provided using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

4.11 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other creditors. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Trade and other receivables are carried at amortised cost. Trade receivables are non-interest bearing. Loans and borrowings are measured at amortised cost using the effective interest method, less any impairment losses. Liabilities for trade creditors and other amounts are carried at amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

Derivative financial instruments

Derivatives financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair-value.

Cashflow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

4.12 Employee benefits

Provision for employee entitlements represents the amount which the consolidated entity has a present obligation to pay resulting from employees' service provided up to the balance date.

Liabilities arising in respect of employee benefits expected to be settled within twelve months of the balance date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the balance date. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

4.13 Share based payments

The consolidated entity may provide benefits to employees (including Directors) and other parties as necessary in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined using a Black-Scholes model or equivalent valuation technique. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

4.14 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

The following significant exchange rates have been applied.

	Average Rate		Year-End Spot Rate	
AUD	**2018 *$***	**2017 *$***	**2018 *$***	**2017 *$***
Peso	39.88	37.04	39.35	38.77
USD	0.77	0.75	0.74	0.77

Financial statements of foreign operations

Each entity in the consolidated entity determines its functional currency, being the currency of the primary economic environment in which the entity operates, reflecting the underlying transactions, events and conditions that are relevant to the entity. The functional currency of the Australian entities is the Australian dollar and the functional currency of the Philippine entities is the Philippine Peso. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

4.15 Rehabilitation costs

Full provision for rehabilitation costs is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the operations where they have future economic benefit, else they are expensed. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in the Statement of Profit and Loss as an interest expense. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

4.16 Provisions

A provision is recognised in the Statement of Financial Position when the consolidated entity has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risk specific to the liability.

4.17 Earnings per share

Basic earnings per share is determined by dividing net operating results after income tax attributable to members of the parent entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

4.18 Leases

Assets held under finance leases are recognised as a finance lease obligation at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recorded as a finance expense to profit and loss, unless they are attributable to qualifying assets, in which case they are capitalised.

4.19 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

4.20 Accounting estimates and judgements

The selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies, estimates and judgements is the responsibility of the Board of Directors. The estimates and judgements that may have a significant impact on the carrying amount of assets and liabilities are discussed below.

Impairment of Assets

At each reporting date, the group makes an assessment for impairment of all assets if there has been an impairment indicator by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. The recoverable amount of Property, Plant & Equipment and Mine Development Expenditure relating to the Siana gold project is determined as the higher of value-in-use and fair value less costs of disposal. Value-in-use is generally determined as the present value of the estimated future cash flows. Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the asset.

Given the nature of the Group's mining activities, future changes in assumptions upon which these estimates are based may give rise to a material adjustment to the carrying value. This could lead to the recognition of impairment losses in the future. The inter-relationship of the significant assumptions upon which estimated future cash flows are based is such that it is impracticable to disclose the extent of the possible effects of a change in a key assumption in isolation.

Future cash flow estimates are based on expected production volumes and grades, gold price and exchange rate estimates, budgeted and forecasted development levels and operating costs. Management is required to make these estimates and assumptions which are subject to risk and uncertainty. As a result there is a possibility that changes in circumstances may alter these projections, which could impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired. Impairment losses are recognised in the Statement of Profit or Loss unless the asset has previously been revalued.

Rehabilitation and mine closure provisions

As set out in Note 4.15, this provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment. The discounted value reflects a combination of the Group's assessment of the costs of performing the work required, the timing of the cash flows and the discount rate.

A change in any, or a combination, of the three key assumptions used to determine the provisions could have a material impact to the carrying value of the provision. In the case of provisions for assets which remain in use, adjustments to the carrying value of the provision are offset by a change in the carrying value of the related asset. Where the provisions are for assets no longer in use or for obligations arising from the production process, the adjustment is reflected directly in the Statement of Profit or Loss.

Reserves and resources

The Group determines and reports ore reserves under the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Code ("JORC") as revised December 2012 JORC for underground reserves and the JORC 2012 edition for open pit reserves. The JORC code requires the use of reasonable investment assumptions to calculate reserves. Reserves determined in this way are taken into account in the calculation of depreciation of mining plant and equipment (refer to note 10), amortisation of capitalised development expenditure (refer to note 12), and impairment relating to these assets.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimated cash flows;
- Depreciation and amortisation charged in the statement of profit or loss and other comprehensive income may change where such charges are calculated using the units of production basis;
- Deferred waste amortisation, based on estimates of reserve to waste ratios;
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves alter expectations about the timing or cost of these activities.

Going Concern

A key assumption underlying the preparation of the financial statements is that the Group will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgement has been required in assessing whether the Group is a going concern, as set out in note 2.2.

4.21 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2018 reporting period. The Group does not intend to early adopt any of the new standards or interpretations.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)

AASB 15 establishes a model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled when control of the goods or services passes to the customer.

The Group has assessed the potential impact its consolidated financial statements resulting from the application of AASB15 and determined that it has no material impact.

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 Financial Instruments – published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting instruments from IAS39. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has assessed the potential impact its consolidated financial statements resulting from the application of AASB9 and determined that it has no material impact.

IFRS 16 Leases (effective 1 January 2019)

AASB 16 will result in leases being recognised on the Balance Sheet as the distinction between operating and finance leases is removed. The standard will primarily affect the accounting for the Group's operating leases which will require the present value of the leases captured by the standard being recognised as right to use assets and lease liabilities on the balance sheet. The Group has not assessed the potential impact its consolidated financial statements resulting from the application of AASB16.

The Group plans to adopt the new standard during the 30 June 2020 reporting period.

5. REVENUE AND EXPENSES

	CONSOLIDATED	
	2018	2017
	$	*$*
(a) Other income		
Gain on sale of Mt Cattlin royalty	**11,000,000**	-
Royalty income	**2,050,407**	1,000,938
Other income	**822,485**	47,239
	13,872,892	1,048,177
(b) Cost of Sales		
Employee benefit expenses	**(22,282,408)**	(6,571,945)
External services	**(19,069,956)**	(17,124,200)
Depreciation and amortisation	**(13,255,437)**	(24,500,351)
Materials and consumables used	**(10,922,785)**	(10,421,940)
Fuel and utilities	**(8,193,654)**	(9,168,996)
Movement in stock	**(4,683,573)**	3,723,968
Other costs of sales	**(1,738,274)**	(6,132,426)
Excise tax and custom duties	**(341,819)**	(1,500,351)
	(80,487,906)	(71,696,241)

5. REVENUE AND EXPENSES *(continued)*

	CONSOLIDATED	
	2018	2017
	$	$
(c) Administration and other expenses		
Employee and consultancy expenses	**(4,098,578)**	(3,024,838)
VAT receivable impairment	**(1,994,363)**	(26)
Stamp duty on acquisitions	**(845,596)**	-
Acquisition related costs	**(691,216)**	-
Regulatory expenses	**(506,084)**	(279,549)
Legal fees	**(443,611)**	(217,587)
Gold Fields management fees	**(425,124)**	-
Royalties expense	**(303,222)**	(693,338)
Property tax expense	**(260,951)**	(1,633,173)
Occupancy costs	**(228,545)**	(284,803)
Depreciation	**(139,520)**	(10,238)
Superannuation contributions	**(115,370)**	(159,486)
Foreign exchange (losses)/gains	**(7,961)**	88,539
Other administration overheads	**(1,932,762)**	(445,947)
	(11,992,903)	(6,660,446)
(d) Care and maintenance [(1)]		
External services	**(1,881,397)**	-
Fuel and utilities	**(1,493,627)**	-
Employee benefit expenses	**(1,302,457)**	-
Other costs	**(625,464)**	-
Excise tax and custom duties	**(578,656)**	-
Materials and consumables used	**(422,663)**	-
Movement in stock	**225,128**	-
	(6,079,136)	-

(1) Siana care and maintenance costs for the current year. During the prior year Siana's costs were reflected in (b) and (c) above as production costs while operations were wound down in the course of the 2017 financial year.

(e) Impairment		
Property,plant and equipment (note 10)	**-**	(29,407,159)
Mine development (note 12)	**-**	(70,392,761)
	-	(99,799,920)
(f) Financing income/(expenses)		
Interest income	**46,874**	24,539
	46,874	24,539
Unwinding of discount on rehabilitation provision	**(497,109)**	-
Unwinding of discount on deferred consideration on acquisitions (refer note 31)	**(453,501)**	-
Realised losses on settlement of gold hedges	**(287,241)**	-
Interest expense	**(99,018)**	(4,874)
	(1,336,869)	(4,874)
	(1,289,995)	19,665

	CONSOLIDATED	
	2018	2017
	$	$

6. INCOME TAX (Prima Facie)

Current income tax		
Current income tax charge	**(739,121)**	(78,989)
Deferred income tax	**3,198,760**	-
Income tax expense	**2,459,639**	(78,989)

A reconciliation between income tax expense and the numerical profit/(loss) before income tax at the applicable income tax rate is as follows:

Profit/(Loss) before income tax	**(14,387,213)**	(110,124,206)
At statutory income tax rate of 30% (2017: 30%)	**(4,316,164)**	(33,037,262)
Items not allowable for income tax purposes:		
Non-deductible expenses	**729,990**	3,761,115
Utilisation of carry forward tax losses not brought to account	**(1,650,379)**	-
Current year deferred tax not brought to account	**5,236,552**	29,197,158
Income tax expense	**2,459,639**	(78,989)
Tax losses and temporary differences not brought to account (tax effected)		
Deductible temporary differences	**43,033,653**	46,801,056
Tax losses	**13,599,522**	9,435,699

Potential deferred tax assets attributable to tax losses and deductable temporary differences have not been brought to account at 30 June 2018. The Directors do not believe it is appropriate to regard realisation of the deferred tax assets at this point in time because (i) it is not probable that future Australian taxable profits will be available against which the Group can use the benefits there from or (ii) uncertainty with respect to recoverability in the Philippines.

Movement in deferred tax balances:

	Net balance at 1 July 2017 $	Acquired in business combination[1] $	Recognised in profit or loss $	Net balance at 30 June 2018 $
Property, plant and equipment	-	(11,176,620)	2,550,323	(8,626,297)
Intangible assets	-	(1,213,099)	9,537	(1,203,562)
Inventories	-	(2,308,273)	338,165	(1,970,108)
Provisions and employee benefits	-	5,430,231	347,077	5,777,308
Finance leases	-	-	(46,342)	(46,342)
	-	**(9,267,761)**	**3,198,760**	**(6,069,001)**

(1) Deferred tax arising on acquisition of Darlot Mining Company Pty Ltd (refer note 31).

	CONSOLIDATED	
	2018	2017
	$	$

7. CASH AND CASH EQUIVALENTS

Cash at bank	**7,147,804**	5,393,069
Cash on hand	**597**	394
	7,148,401	5,393,463

	CONSOLIDATED	
	2018	2017
	$	$

8. TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Current assets		
Sundry debtors [(1)]	**11,649,312**	857,780
Trade debtors	**5,889,446**	7,709,386
GST receivable	**1,756,180**	51,534
Prepayments	**1,725,991**	677,022
Interest receivable	**2,280**	2,281
	21,023,209	9,298,003
Non-current assets		
VAT receivable	**1,452,397**	3,567,711
Security deposit	**184,883**	134,883
	1,637,280	3,702,594

(1) Sundry debtors includes the amount receivable of $11,000,000 for the sale of the Mt Cattlin royalty received in July 2018.

9. INVENTORY

	2018 $	2017 $
Consumables	**10,605,056**	4,553,011
Run of mine stockpiles	**3,222,496**	2,462,402
Gold in circuit	**2,828,675**	1,532,681
Gold bullion [(1)]	-	5,367,212
	16,656,227	13,915,306

(1) During the year ended 30 June 2018 no gold was held on hand.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings $	Plant and equipment $	Fixtures and fittings $	Under construction $	Total $
Cost					
Balance at 1 July 2016	2,482,875	83,552,394	1,749,080	-	87,784,349
Additions	281,032	9,134,115	67,130	-	9,482,277
Impairment	-	(418,576)	-	-	(418,576)
Effect of movements in exchange rates	(255,981)	(8,512,986)	(156,562)		(8,925,529)
Balance at 30 June 2017	**2,507,926**	**83,754,947**	**1,659,648**	**-**	**87,922,521**
Balance at 1 July 2017	2,507,926	83,754,947	1,659,648	-	87,922,521
Acquired through business combinations and asset acquisition (note 31)	10,149,500	32,570,566	24,500	127,694	42,872,260
Additions	223,272	2,577,378	479,839	2,865,758	6,146,247
Disposals	-	-	(58,105)	-	(58,105)
Effect of movements in exchange rates	(36,452)	(1,219,724)	(21,601)	(4,813)	(1,282,590)
Balance at 30 June 2018	**12,844,246**	**117,683,167**	**2,084,281**	**2,988,639**	**135,600,333**
Accumulated depreciation					
Balance at 1 July 2016	1,070,960	10,367,206	1,390,264	-	12,828,430
Depreciation for the period	272,890	4,281,509	88,800	-	4,643,199
Impairment	-	29,407,159	-	-	29,407,159
Effect of movements in exchange rates	(118,611)	(1,257,841)	(68,819)	-	(1,445,271)
Balance at 30 June 2017	**1,225,239**	**42,798,033**	**1,410,245**	**-**	**45,433,517**

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Land and buildings $	Plant and equipment $	Fixtures and fittings $	Under construction $	Total $
Balance at 1 July 2017	1,225,239	42,798,033	1,410,245	-	45,433,517
Depreciation for the period	994,420	10,742,095	166,368	-	11,902,883
Disposals	-	-	(58,095)	-	(58,095)
Effect of movements in exchange rates	(13,128)	(630,090)	(15,471)		(658,689)
Balance at 30 June 2018	**2,206,531**	**52,910,038**	**1,503,047**	**-**	**56,619,616**
Carrying amounts					
At 1 July 2016	1,411,915	73,185,188	358,816	-	74,955,919
At 30 June 2017	1,282,687	40,956,914	249,403	-	42,489,004
At 30 June 2018	**10,637,715**	**64,773,129**	**581,234**	**2,988,639**	**78,980,717**

11. INTANGIBLE ASSETS

	Mineral Rights $	Software $	Total $
Cost			
Balance at 1 July 2017	-	-	-
Acquired through business combinations and asset acquisition[(1)] (refer note 31)	31,267,350	-	31,267,350
Additions	-	948,189	948,189
Balance at 30 June 2018	**31,267,350**	**948,189**	**32,215,539**
Accumulated depreciation			
Balance at 1 July 2017	-	-	-
Amortisation	(1,472,066)	(20,008)	(1,492,074)
Balance at 30 June 2018	**(1,472,066)**	**(20,008)**	**(1,492,074)**
Carrying amount at 30 June 2018	**29,795,284**	**928,181**	**30,723,465**

(1) Mineral rights of $4,773,646 were acquired through the acquisition of Darlot Mining Company Pty Ltd and $26,493,704 through the acquisition of assets of the King of the Hills project (refer note 31).

12. MINE DEVELOPMENT

	CONSOLIDATED	
	2018 $	2017 $
(a) Mine Development		
Opening balance	**102,879,591**	111,569,528
Development expenditure incurred in current year [(1)]	**12,151,523**	5,223,807
Foreign currency translation adjustment	**(1,518,629)**	(13,913,744)
Closing balance	**113,512,485**	102,879,591
Accumulated amortisation		
Opening balance	**98,587,876**	42,554,875
Amortisation for the year	**-**	2,926,234
Impairment [(2)]	**-**	65,625,288
Foreign currency translation adjustment	**(1,416,200)**	(12,518,521)
Closing balance	**97,171,676**	98,587,876
Mine development net book value	**16,340,809**	4,291,715

12. MINE DEVELOPMENT *(continued)*

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
(b) Deferred Mining Waste Costs		
Opening balance	**64,538,070**	71,611,128
Deferred waste mining expenditure incurred during the year	**-**	-
Foreign currency translation adjustment	**(963,875)**	(7,073,058)
Closing balance	**63,574,195**	64,538,070
Accumulated amortisation		
Opening balance	**64,538,070**	48,792,665
Amortisation for the period	**-**	16,941,156
Impairment (2)	**-**	4,767,473
Foreign currency translation adjustment	**(963,875)**	(5,963,224)
Closing balance	**63,574,195**	64,538,070
Deferred mining waste costs net book value	**-**	-
Total development net book value	**16,340,809**	4,291,715

(1) Mine development expenditure has been offset by $13,718,264 of gold sales received and $3,007,616 in processing costs incurred from the King of the Hills project while still in development phase.

(2) During the previous period, following a review of impairment indicators required under the Accounting Standard AASB136, Impairment of Assets, an impairment expense was recorded for the period in relation to the Siana gold project. During the current year, no impairment of assets was deemed necessary after reviewing the impairment indicators in terms of AASB136.

13. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Exploration and evaluation costs expensed	**5,559,594**	1,551,203

14. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current		
Trade creditors (1)	**25,169,340**	3,233,767
Accruals	**6,573,788**	741,936
Other creditors	**2,832,906**	718,870
Deferred consideration relating to acquisitions (refer note 31)	**4,395,120**	-
	38,971,154	4,694,572
Non-current		
Deferred consideration relating to acquisitions (refer note 31)	**5,503,646**	-
	5,503,646	-

(1) Increase in trade creditors mainly reflects the acquisition of Darlot and King of the Hills operations

15. INCOME TAX PAYABLE

	2018 $	2017 $
Income tax payable	**739,121**	-
	739,121	-

16. EMPLOYEE BENEFITS

	CONSOLIDATED 2018 $	2017 $
Provision for annual leave	**1,749,626**	110,270
Provision for long-service leave	**1,842,890**	10,981
Provision for bonuses	**1,975,134**	8,125
	5,567,650	129,377
Current	**5,218,185**	118,396
Non-current (Long service leave)	**349,465**	10,981
	5,567,650	129,377

(1) Employee benefits provision has increased following the acquisition of Darlot Mining Company Pty Ltd (refer note 31) by an amount of $3,488,128.

17. PROVISIONS

	Rehabilitation provision (1) $	MCC final acquisition (2) $	Documentary stamp duty (3) $	Withholding tax (2) $	Other provisions $	Total $
Opening balance	1,879,264	1,116,104	1,308,501	504,441	-	4,808,310
Assumed from a business combination and asset acquisition	27,338,826	-	-	-	200,178	27,539,004
Provisions made	-	-	-	-	133,387	133,387
Provisions utilised	(135,553)	-	(124,587)	-	-	(260,140)
Unwinding of discount	497,312	-	-	-	-	497,312
Foreign currency translation adjustment	(6,666)	-	(19,334)	-	-	(26,000)
Closing balance	**29,573,183**	**1,116,104**	**1,164,580**	**504,441**	**333,565**	**32,691,873**

	CONSOLIDATED 2018 $	2017 $
Current	**1,116,104**	1,116,104
Non-current	**31,575,769**	3,692,206
	32,691,873	4,808,310

(1) ***Rehabilitation provision***

The mining entities within the Group are required by law to undertake rehabilitation as part of their ongoing operations. The rehabilitation provision represents the present value of rehabilitation costs, which are expected to be incurred when the rehabilitation work following the cessation of operations is expected to be completed.

(2) ***MCC final acquisition provision***

Provision for expected tax liability arising from the acquisition of Merrill Crow Corporation's (MCC) holding of Siana Gold Project in 2010.

(3) ***Documentary stamp duty provision***

Provision for documentary stamp duty on cash advances to Philippines subsidiaries.

18. FINANCE LEASE LIABILITIES

Finance leases include obligations of the Company under vehicle finance leases and equipment hire leases. They expire between 31 December 2018 and 28 February 2020 and bear interest between 6% and 6.75%. Ownership of the vehicles and equipment will revert to the Company at the end of the leases at no additional cost. The Company's obligations under the finance leases are secured by the lessor's title to the leased assets. The fair value of the finance lease liabilities approximates their carrying values.

The following schedule outlines the total minimum loan payments due for the finance lease obligations over their remaining terms.

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 $	Interest 2018 $	Present value of minimum lease payments 2018 $	Present value of minimum lease payments 2017 $
Less than one year	1,199,957	122,509	1,077,448	-
Between one and five years	1,493,137	92,540	1,400,597	-
More than five years	-	-	-	-
	2,693,094	**215,049**	**2,478,045**	**-**
Current	1,199,957	122,509	1,077,448	-
Non-current	1,493,137	92,540	1,400,597	-
	2,693,094	**215,049**	**2,478,045**	**-**

19. CONTRIBUTED EQUITY

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
(a) Share capital		
1,240,693,011 (2017: 763,826,663) ordinary fully paid shares	**260,364,664**	236,674,602

	CONSOLIDATED 2018 *Shares*	CONSOLIDATED 2018 $	CONSOLIDATED 2017 *Shares*	CONSOLIDATED 2017 $
(b) Movements in ordinary share capital				
On issue at 1 July	**763,826,663**	**236,674,602**	761,851,008	236,554,512
Shares issued on acquisition of Darlot and King of the Hills	**220,000,000**	**11,000,000**	-	-
Rights issue	**254,835,049**	**12,741,752**	-	-
Shares issued to directors	**1,352,814**	**62,500**	1,975,655	120,090
Service rights vested	**678,485**	**78,840**	-	-
Share issue costs	**-**	**(193,030)**	-	-
On issue at 30 June	**1,240,693,011**	**260,364,664**	763,826,663	236,674,602

Ordinary shares entitle the holder to participate in dividends and proceeds on the winding up of the parent entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Shares	$
(c) Other Equity		
Opening balance 1 July 2017	**581,428**	**930,285**
Balance 30 June 2018 [(i)]	**581,428**	**930,285**

(i) Red 5 has provided for 581,428 shares to be issued at a value of $930,285 to settle the outstanding tax liability in relation to the acquisition of Merrill Crowe Corporation (MCC) in a previous financial year.

20. RESERVES

	CONSOLIDATED 2018 $	2017 $
Foreign currency translation reserve	**20,873,985**	21,614,725
Defined retirement benefit	**140,522**	64,069
Share based payment reserve	**294,403**	157,786
Hedging reserve	**497,966**	-
	21,806,876	21,836,580

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currency is different to the presentation currency of the reporting entity.

Defined retirement benefit

The reserve relates to retirement benefits in the Philippines. The movement in the reserve arises from the re-measurement of liabilities resulting from a change in assumptions used in an actuarial report calculation.

Share based payment reserve

The share based payment reserve arises on the granting and vesting of equity instruments. Refer to Note 29 for further details.

Hedging reserve

The hedging reserve comprises of the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

	CONSOLIDATED 2018 Rights	2017 Rights
(a) Movement in performance rights		
Opening balance 1 July 2017	6,000,000	12,000,000
Expense relating to rights issued during the period [1]	(6,000,000)	(6,000,000)
Issue of performance rights during the period [2]	18,243,200	-
Balance 30 June 2018	**18,243,200**	6,000,000

(1) 6,000,000 performance rights lapsed during the period due to performance vesting conditions not being achieved.

(2) During the year 5,616,400 performance rights were issued to the managing director and 12,626,800 to senior management.

21. RELATED PARTIES

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated, were key management personnel for the entire reporting period:

Executive directors

Mark Williams – Managing Director

Non-executive directors

Kevin Dundo
Ian Macpherson
Colin Loosemore

Other executives

John Tasovac – Chief Financial Officer
Steve Tombs – General Manager Operations

21. RELATED PARTIES *(continued)*

Compensation of key management personnel

A summary of the compensation of key management personnel is as follows:

	CONSOLIDATED	
	2018	2017
	$	$
Key management personnel		
Short term benefits	**1,720,914**	1,496,630
Post-employment benefits	**103,174**	93,750
Long term benefits	**58,484**	19,038
Share based payments	**223,556**	229,650
	2,106,128	1,839,068

Loans to key management personnel

There were no loans to key management personnel during the period.

Other transactions with directors

Consulting fees of $28,800 were paid to Ian Macpherson, a non-executive Director of the Company, for the provision of financial advisory and corporate support services during the period in relation to the acquisition of Darlot and King of the Hills. The consultancy agreement concluded on 15 September 2017.

There were no other transactions during the year between the consolidated entity and Directors or their Director-related entities.

Transactions with related parties in the wholly owned group

During the financial year, unsecured loan advances were made between the parent entity and its controlled entities. All such loans were interest free. Intra entity loan balances have been eliminated in the financial report of the consolidated entity. The ownership interests in related parties in the wholly owned group are set out in Note 25.

22. REMUNERATION OF AUDITOR

		CONSOLIDATED	
		2018	2017
		$	$
Amounts paid or due and payable to the auditor for:			
Auditing and reviewing financial reports			
	– KPMG Australia	**163,277**	92,380
	– overseas KPMG firms	**34,017**	29,664
Taxation advisory services	– KPMG Australia	**151,034**	20,039
	– overseas KPMG firms	**8,366**	7,491
Other advisory services	– KPMG Australia fees paid on completion of royalty sale	**384,800**	2,658
		741,494	152,232

23. EXPENDITURE COMMITMENTS

	CONSOLIDATED 2018 $	2017 $
Commitments in relation to capital expenditure commitments are payable as follows:		
- not later than one year	**672,822**	182,225
	672,822	182,225
Commitments in relation to operating lease expenditure commitments are payable as follows:		
- not later than one year	**371,805**	357,460
- later than one year but not later than two years	**61,375**	149,710
- later than two years but not later than five years	**-**	61,753
	433,180	568,923
Commitments in relation to contractual expenditure commitments are payable as follows:		
- not later than one year	**5,984,176**	131,673
	5,984,176	131,673
Commitments in relation to tenement expenditure commitments are payable as follows:		
- not later than one year	**4,005,135**	-
- later than one year but not later than two years	**63,396**	-
	4,068,531	-

24. SEGMENT INFORMATION

The Group is managed primarily on the basis of its production, development and exploration assets in both Australia and the Philippines. Operating segments are therefore determined on the same basis.

During the year with the acquisition of Darlot Mining Company Pty Ltd and King of the Hills, both Australian operations, a new operating segment was added for Australia (refer note 31). The prior year comparatives include the previously reported segments only.

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.

24. SEGMENT INFORMATION *(continued)*

	Australia[1] $	Philippines $	Other [2] $	Total $
(i) Segment performance				
Year ended 30 June 2018				
External revenue [3]	66,756,930	10,392,499	-	77,149,429
	66,756,930	**10,392,499**	**-**	**77,149,429**
Segment result	**(11,296,331)**	**(7,743,128)**	**4,652,246**	**(14,387,213)**
Included within segment result:				
Other income	381,996	415,996	2,074,900	2,872,892
Sale of Mt Cattlin royalty	-	-	11,000,000	11,000,000
Interest income	26,972	10,575	9,327	46,874
Finance costs	(574,786)	(15,191)	(746,892)	(1,336,869)
Exploration costs expensed	(5,200,196)	(359,398)	-	(5,559,594)
VAT receivable impairment	-	(1,994,363)	-	(1,994,363)
Depreciation and amortisation	(12,633,504)	(751,476)	(9,977)	(13,394,957)
Year ended 30 June 2017				
External revenue [3]	-	68,515,762	-	68,515,762
	-	**68,515,762**	**-**	**68,515,762**
Segment result	**-**	**105,875,137**	**(4,328,058)**	**(110,203,195)**
Included within segment result:				
Other income	-	47,239	1,000,938	1,048,177
Interest income	-	20,289	4,250	24,539
Interest expenses	-	-	(4,874)	(4,874)
Exploration costs expensed	-	(1,551,203)	-	(1,551,203)
Provision for doubtful debts	-	(26)	-	(26)
Impairment	-	(99,799,920)	-	(99,799,920)
Depreciation and amortisation	-	(24,503,296)	(7,293)	(24,510,589)
Inventory write down	-	(3,255,513)	-	(3,255,513)
(ii) Segment assets				
As at 30 June 2018				
Segment assets	99,265,860	60,997,918	13,008,009	173,271,787
Additions to non-current assets:				
Plant and equipment expenditure	48,576,622	423,553	18,330	49,018,507
Intangible assets	31,997,649	-	217,890	32,215,539
Development expenditure	12,042,638	108,885	-	12,151,523
As at 30 June 2017				
Segment assets	-	76,797,519	2,292,566	79,090,085
Additions to non-current assets:				
Deferred waste expenditure	-	-	-	-
Plant and equipment expenditure	-	9,482,277	-	9,482,277
Development expenditure	-	5,223,807	-	5,223,807
(iii) Segment liabilities				
As at 30 June 2018				
Segment liabilities	72,924,962	7,486,764	11,608,765	92,020,490
As at 30 June 2017				
Segment liabilities	-	7,928,483	1,703,776	9,632,259

(1) Australian segment consists of the Darlot Mining Company Pty Ltd and the King of the Hills gold project.

(2) Includes corporate costs of the group. The segment liability includes the deferred consideration payable to the sellers relating to the acquisitions of Darlot and King of the Hills (refer note 31).

(3) Revenue is attributable to one customer only.

25. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding 2018 %	Equity holding 2017 %
Bremer Resources Pty Ltd	Australia	Ordinary	100	100
Estuary Resources Pty Ltd	Australia	Ordinary	100	100
Greenstone Resources (WA) Pty Ltd	Australia	Ordinary	100	100
Oakborough Pty Ltd	Australia	Ordinary	100	100
Opus Resources Pty Ltd	Australia	Ordinary	100	100
Red 5 Philippines Pty Ltd	Australia	Ordinary	100	100
Red 5 Mapawa Pty Ltd	Australia	Ordinary	100	100
Red 5 Dayano Pty Ltd	Australia	Ordinary	100	100
Darlot Mining Company Pty Ltd	Australia	Ordinary	100	-
Bremer Binaliw Corporation	Philippines	Ordinary	100	100
Red 5 Mapawa Incorporated	Philippines	Ordinary	100	100
Red 5 Dayano Incorporated	Philippines	Ordinary	100	100
Red 5 Asia Incorporated	Philippines	Ordinary	100	100
Greenstone Resources Corporation (i)	Philippines	Ordinary	40	40
Surigao Holdings and Investments Corporation (i)	Philippines	Ordinary	40	40

(i) The Company holds a 40% direct interest in Greenstone Resources Corporation (GRC) and a 40% interest in Surigao Holdings and Investments Corporation (SHIC) voting stock. Agreements are in place which deals with the relationship between Red 5 and other shareholders of these entities. In accordance with Australian accounting standard, AASB 10 Consolidated Financial Statements, Red 5 has consolidated these companies in these financial statements.

26. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Operating profit/(loss) after income tax	**(11,927,574)**	(110,203,195)
Amortisation and depreciation	**13,394,957**	24,510,589
VAT receivable impairment	**1,994,363**	-
Tax benefit	**(2,459,639)**	-
Share based payment	**356,796**	229,650
Finance expenses	**792,885**	-
Unrealised exchange loss/(gain)	**7,961**	(88,539)
Impairment expense	**-**	99,799,920
Loss on disposal of property plant and equipment	**-**	418,576
Provision for stock obsolescence	**-**	221,030
Doubtful debt expenses	**-**	26
Changes in operating assets and liabilities		
(Increase)/decrease in inventories	**5,954,438**	(4,621,610)
(Increase)/decrease in receivables	**(12,405,710)**	(1,663,820)
Increase/(decrease) in payables	**21,675,623**	(3,939,147)
Increase/(decrease) in income tax payable	**-**	(2,752,893)
Increase/(decrease) in provisions	**1,611,661**	(195,214)
Net cash inflow/(outflow) from operating activities	**18,995,761**	1,715,373

27. EARNINGS PER SHARE

	2018 Number	2017 Number
Issued ordinary shares at commencement of financial year	**763,826,663**	761,851,008
Effect of shares issued 6 December 2016	**-**	383,733
Effect of shares issued 2 May 2017	**-**	212,651
Effect of shares issued 11 August 2017	**602,272**	-
Effect of shares issued 2 October 2017	**353,849,680**	-
Effect of shares issued 5 October 2017	**997,005**	-
Weighted average number of ordinary shares for the financial year	**1,119,275,620**	762,447,392

The potential ordinary shares existing as at balance date are not dilutive, therefore dilutive earnings per share is equal to basic earnings per share.

28. SUBSEQUENT EVENTS

Royalty sale

In June 2018 the Company entered into an agreement for the sale of the Company's royalty entitlement from the Mt Cattlin mine in Western Australia to Canadian royalty company, Lithium Royalty Corporation. At year end the sale of the royalty was recognised as all material conditions to the Sale and Purchase Agreement had been satisfied. The total consideration for the transaction of $11 million was received in July 2018.

Siana Gold Project approval

Subsequent to the end of the financial year the Company's Philippine-affiliated company Greenstone Resources Corporation (GRC), was issued a Clearance and Notice to Proceed from the Philippines Mines and Geoscience Bureau (MGB) to construct and operate Tailings Storage Facility 6 (TSF 6) at the Siana Gold Project in the Philippines.

The Philippines Environmental Management Bureau has also amended the co-ordinates of Greenstone Resources' Environmental Compliance Certificate for the Siana Gold Project to include the proposed area of TSF 6, which will allow construction and operation of TSF 6 to proceed, subject to the completion of standard local construction permitting requirements. TSF 6, which is the initial tailings storage facility planned for Siana, has an expected capacity of 1 million tonnes of tailings.

Gold loan facility

In September 2018 the Company entered into a gold loan facility of 5,015 ounces with Malaysian-based investment fund, Asian Investment Management Services Ltd (AIMSL). The gold loan facility was for the provision by AIMSL to the Company of a gold loan of 5,015 gold ounces available in one tranche. The facility has a term of 12 months and is secured by a security interest in Red 5's Australian operating subsidiary companies on a limited recourse basis.

This facility was drawn down in September 2018 for net proceeds of approximately A$8.2 million and, together with cash-flow from existing operations will be used to advance development at Darlot and King of the Hills, maintain ongoing exploration momentum at both mines and for general working capital purposes.

29. SHARE BASED PAYMENT ARRANGEMENT

Performance rights granted during the period

Performance rights were granted to the Managing Director and to Senior Management during the year. The rights of both offers are split into four tranches based on different performance conditions measured over a period commencing 1 July 2017 to the vesting date which is 30 June 2020 if the conditions are met. Details of the performance rights are summarised below:

(a) Managing Director

	Tranche A		Tranche B		Tranche C		Tranche D
Number of performance rights	2,956,000		1,182,400		1,182,400		295,600
Fair value per right	$0.037		$0.042		$0.042		$0.042
Valuation per tranche	$109,372		$49,661		$49,661		$12,415
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's ore reserves		Operating costs as % of budgeted operating costs		Safety compliance
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: – No fatalities – Implement a Company-wide safety management system – Year on year improvement in safety performance
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%	
			< 15%	nil	> 95%	nil	

The table below details the terms and conditions of the grant and the assumptions used in estimating fair value:

Grant date	20 September 2017
Value of the underlying security at grant date	$0.05
Exercise price	nil
Dividend yield	nil
Risk free rate	2.15%
Volatility	85%
Performance period (years)	3.00
Commencement of measurement period	1 July 2017
Vest date	30 June 2020
Remaining performance period (years)	2.78

(b) Senior Management

	Tranche A		Tranche B		Tranche C		Tranche D
Number of performance rights	6,313,400		2,525,360		2,525,360		1,262,680
Fair value per right	$0.049		$0.056		$0.056		$0.056
Valuation per tranche	$309,357		$141,420		$141,420		$70,710
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's ore reserves		Operating costs as % of budgeted operating costs		Safety compliance
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: – No fatalities – Implement a Company-wide safety management system – Year on year improvement in safety performance
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%	
			< 15%	nil	> 95%	nil	

29. SHARE BASED PAYMENT ARRANGEMENT *(continued)*

The table below details the terms and conditions of the grant and the assumptions used in estimating fair value:

Grant date	23 March 2018
Value of the underlying security at grant date	$0.064
Exercise price	nil
Dividend yield	nil
Risk free rate	2.02%
Volatility	80%
Performance period (years)	3.00
Commencement of measurement period	1 July 2017
Vest date	30 June 2020
Remaining performance period (years)	2.27

In addition, vesting of both offers of performance rights is also conditional on the following being exceeded:

1. A positive Company TSR for the measurement period; and
2. 80% of budgeted gold production by 30 June 2018.

The fair value at grant date of Tranche A which have market based performance conditions, was estimated using a Monte Carlo simulation. The fair value at grant date of Tranches B, C and D, which have market and non market based performance conditions, were valued using a single share price barrier model incorporating a Monte Carlo simulation.

Information about the Performance Rights outstanding at year end

The following unvested Performance Rights were outstanding at year end:

	CONSOLIDATED	
	2018	2017
	Number	*Number*
The following unvested performance rights were outstanding at year end:		
Balance at the start of the year	**6,000,000**	12,000,000
Granted during the year	**18,243,200**	-
Vested during the year	**-**	-
Expired during the year	**(6,000,000)**	(6,000,000)
Balance at the end of the year	**18,243,200**	6,000,000

Share based payments expense for the year in relation to the performance rights was $317,465 (2017: $30,720).

Shares issued, Service and Deferred Rights

	Grant date	Vesting date	Fair value at grant date	Granted / issued	Exercised
Managing Director Service Rights	22 Nov 16	11 Aug 17	78,485	678,485	(678,485)
Non-Executive Director Shares (1)	5 Oct 17	5 Oct 17	22,500	487,013	(487,031)
Non-Executive Director Shares (1)	5 Oct 17	5 Oct 17	18,750	405,844	(405,844)
Non-Executive Director Shares (1)	5 Oct 17	5 Oct 17	21,250	459,957	(459,957)

(1) In accordance with the Non-Executive Directors Share Plan approved by shareholders, Mr Kevin Dundo was issued 487,013 ordinary shares, Mr Colin Loosemore was issued 405,844 ordinary shares and Mr Ian Macpherson was issued 459,957 ordinary shares at a deemed issue price of 4.62 cents in lieu of the September 2017 quarter's Directors fees.

Share based payments expense for shares issued, service and deferred rights was $215,456 (2017: $198,930). The fair value is based on observable market share price.

30. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the consolidated entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the consolidated entity through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity receivables from customers and investment securities. For the company it arises from receivables due from subsidiaries.

Presently, the consolidated entity undertakes exploration, mining and gold production activities.

The Group sells gold to one customer in Australia and has managed its exposure to credit risk by analysing the creditworthiness of the customer.

Cash and cash equivalents

The consolidated entity limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. Any excess cash and cash equivalents are maintained in short term deposits with more than one major Australian commercial bank at interest rates maturing over 30 to 120 day rolling periods.

Trade and other receivables

The Group's trade and other receivables relate mainly to gold sales and sales tax refunds. The Group has determined that its exposure to trade receivable credit risk is low, given that it sells gold bullion to a single reputable refiner with short contractual payment terms and sales tax refunds are due from Government tax bodies namely the Australian Tax Office and the Philippines Bureau of Internal Revenue.

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure.
The maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED Carrying Amount	
	2018	2017
	$	$
Trade and other receivables	**21,023,209**	9,298,003
Cash and cash equivalents	**7,148,401**	5,393,463
Non-current receivables	**1,637,280**	3,702,594

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

30. FINANCIAL RISK MANAGEMENT *(continued)*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

CONSOLIDATED	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
30 June 2018					
Trade and other payables	44,474,800	(44,474,800)	(38,971,154)	-	(5,503,646)
Finance lease liabilities	2,478,045	(2,693,094)	(620,229)	(579,728)	(1,493,137)
	46,952,845	(47,167,894)	(39,591,383)	(579,728)	(6,996,783)
30 June 2017					
Trade and other payables	4,694,572	(4,694,572)	(4,694,572)	-	-
	4,694,572	(4,694,572)	(4,694,572)	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity income or the value of its holdings of financial instruments. Changes in the market gold price will affect the derivative valuation at each reporting date. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The consolidated entity enters into derivative financial instruments to hedge such transactions.

Hedge accounting

The Group's risk management policy is to hedge between 25 to 70% of gold sales in local currency over a rolling 24 month period.

At 30 June 2018 the Group held gold forward contracts to hedge the exposure of future gold sales. The following table sets out the current hedge position and fair value as at 30 June 2018:

No. of contracts	Gold sold	Maturity		
		0-6 months	7-12 months	More than 1 year
19	24,500 oz	$761,679	-	-

Currency risk

The consolidated entity is exposed to currency risk on investments and purchases that are denominated in a currency other than the respective functional currencies of the subsidiaries within the consolidated entity being Australian Dollar (A$) and Philippine Pesos. The currencies in which these transactions primarily are denominated are United States dollars (US$).

The consolidated entity has not entered into any derivative financial instruments to hedge such transactions. The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk

The consolidated entity's exposure to US$ foreign currency risk at balance date was as follows, based on notional amounts:

	CONSOLIDATED Carrying Amount	
	2018	2017
	A$	*A$*
Cash	**1,265,136**	3,098,291
Trade debtors	**3,264,296**	6,938,448
Trade payables	**(70,208)**	(191,321)
Gross balance sheet exposure	**4,459,224**	9,845,418

30. FINANCIAL RISK MANAGEMENT *(continued)*

Sensitivity analysis

A 10 per cent strengthening of the Australian dollar against the United States dollar on the 30 June 2018 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2017.

	CONSOLIDATED Profit or Loss A$
30 June 2018 – US$	**(445,922)**
30 June 2017 – US$	(984,542)

A 10 per cent weakening of the Australian dollar against the above currencies at 30 June 2018 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The consolidated entity is exposed to interest rate risk, primarily on its cash and cash equivalents which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits with more than one counterparty at interest rates maturing over 90 day rolling periods. At the reporting date the interest rate profile of the consolidated entity and the Company's interest-bearing financial instruments were:

	CONSOLIDATED Carrying Amount	
	2018	2017
	$	$
Variable rate instruments		
Cash and cash equivalents[(i)]	**3,499,974**	4,879,745
Security deposits	**184,883**	134,883
	3,684,857	5,014,628

(i) Amount excludes non-interest bearing bank accounts.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2017.

CONSOLIDATED	Profit or loss		Equity	
	100bp increase	*100bp decrease*	*100bp increase*	*100bp decrease*
	$	*$*	*$*	*$*
30 June 2018				
Variable rate instruments	**36,849**	**(36,849)**	36,849	(36,849)
30 June 2017				
Variable rate instruments	**50,146**	**(50,146)**	50,146	(50,146)

Net fair values

The carrying value of financial assets and liabilities equates their fair value.

30. FINANCIAL RISK MANAGEMENT *(continued)*

Capital management

The consolidated entity's objective when managing capital is to safeguard its ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt.

Risk management is facilitated by regular monitoring and reporting by the board and key management personnel.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31. ACQUISITIONS

(a) Acquisition of Darlot Mining Company Pty Ltd

On 2 October 2017 the Group acquired 100% of the shares of Darlot Mining Company Pty Ltd (Darlot) from a subsidiary of Gold Fields Limited.

The acquisition provides the company with immediate production and cash-flow, an extensive strategic footprint in the Leonora-Leinster mineral district of Western Australia and the ability to leverage this position by pursuing a regional consolidation strategy aimed at establishing the Darlot mill as a central processing hub.

The Company has determined that the acquisition of Darlot was a business combination in accordance with AASB 3, Business Combinations, and as such has accounted for it in accordance with this standard using the acquisition method with the Company's wholly owned subsidiary Opus Resources Pty Limited being the acquirer. The Company incurred transaction costs of $474,965 relating to the acquisition. Transaction costs are expensed in accordance with AASB 3, Business Combinations.

In the nine months to 30 June 2018, Darlot contributed revenue of $66,613,710 and loss after tax of $12,743,369 to the Group's results. If the acquisition had occurred on 1 July 2017, management estimates that consolidated revenue would have been $100.8 million and consolidated loss for the year would have been $12.4 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2017.

The following table summarises the fair value of the consideration paid and the preliminary estimates of the fair values of identified assets acquired and liabilities assumed from Darlot.

	2018 $
Purchase consideration:	
Cash	6,742,265
Shares issued (130,000,000 ordinary shares) (1)	6,500,000
Deferred consideration (payable as cash or shares at the seller's option) (2) (3)	5,199,982
	18,442,247

(1) The fair value of ordinary shares issued was based on the listed share price of the Company at 2 October 2017 of $0.05 per share.

(2) The deferred consideration payable for the acquisition of Darlot is payable in the future and has been discounted. The amount payable is $5.0 million if the seller opts to receive cash due in one or two years from the date of acquisition at the vendor's election.

(3) If the seller opts to receive shares in Red 5 Ltd, these will be issued at a 15% discount to the volume weighted average price (VWAP) in two years from the date of acquisition.

31. ACQUISITIONS *(continued)*

	2018 $
Fair value of net assets acquired:	
Assets	
Trade and other receivables	81,175
Inventory	8,695,359
Property, plant and equipment	40,155,560
Mineral rights	4,773,646
Liabilities	
Trade and other payables	(7,615,806)
Provisions	(200,178)
Employee benefits	(3,488,128)
Environmental rehabilitation and other provisions	(14,691,620)
Deferred tax liabilities	(9,267,761)
Net assets acquired	**18,442,247**
Goodwill / bargain purchase gain	-

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Inventories – Market comparison technique: the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Property, plant and equipment – market value technique using and independent valuer: the valuation model considers market prices for similar items when they are available, and current replacement cost when appropriate. Current replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Mineral rights – market comparison technique: the valuation considers the value of the resource acquired to comparative market values of similar resources.

Fair values have been measured on a provisional basis

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the time, then the accounting for the acquisition will be revised.

(b) Acquisition of King Of The Hills Gold Project

On 2 October 2017 the Group acquired the assets of the King Of The Hills gold project located in the Eastern Goldfields of Western Australia, from Saracen Minerals Holdings Limited.

The acquisition comprises an operational shaft and underground development together with supporting site infrastructure adjacent to the Goldfields Highway and mining centre of Leonora. The Company has determined that the acquisition of King Of The Hills was an asset acquisition.

31. ACQUISITIONS *(continued)*

The following table summarises the fair value of the consideration paid:

	2018 $
Purchase consideration:	
Cash	7,000,000
Shares issued	4,500,000
Deferred consideration (payable as cash or shares at the seller's option)	4,245,283
	15,745,283
Fair value of net assets acquired:	
Assets	
Property, plant and equipment	2,716,700
Mineral rights	26,493,704
Liabilities	
Trade and other payables	(817,915)
Environmental rehabilitation and other provisions	(12,647,206)
Net assets acquired	**15,745,283**
Goodwill / bargain purchase gain	**-**

32. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Opus Resources Pty Ltd
- Darlot Mining Company Pty Ltd

Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd both became party to the Deed of Cross Guarantee on 30 June 2018.

32. DEED OF CROSS GUARANTEE *(continued)*

A consolidated statement of comprehensive income and a consolidated statement of financial position, comprising of the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2018 is set out as follows:

		2018 $
(a)	**Statement of other comprehensive income**	
	Revenue	80,331,974
	Cost of sales	(85,416,690)
	Gross profit/(loss) from operations	(5,084,716)
	Other income	13,338,005
	Administration and other expenses	(16,699,344)
	Exploration expense	(4,727,541)
	Operating profit/(loss)	**(13,173,596)**
	Finance income	34,103
	Finance expenses	(1,071,870)
	Net financing income	(1,037,767)
	Profit/(loss) before tax	(14,211,363)
	Income tax benefit/(expense)	2,459,639
	Net profit/(loss) after tax for the year	**(11,751,724)**
	Other comprehensive income/(loss)	
	Items that may be reclassified subsequently to profit or loss:	
	Gold hedge unrealised gain	497,966
	Total comprehensive income/(loss) for the year	**(11,253,758)**
(b)	**Statement of financial position**	
	Assets	
	Cash and cash equivalents	3,159,373
	Trade and other receivables	16,336,552
	Other financial assets	761,679
	Inventories	10,291,681
	Total current assets	30,549,285
	Trade and other receivables	83,031,598
	Property, plant and equipment	33,934,769
	Intangible assets	4,229,761
	Investments	658,386
	Total non-current assets	121,854,514
	Total assets	**152,403,799**
	Liabilities	
	Trade and other payables	35,080,754
	Employee benefits	5,214,697
	Provisions	1,271,464
	Income tax payable	739,121
	Finance lease liabilities	667,476
	Total current liabilities	42,973,512

32. DEED OF CROSS GUARANTEE *(continued)*

Trade and other payables	5,503,646
Employee benefits	349,465
Provisions	15,125,662
Deferred tax liability	6,069,001
Finance lease liabilities	1,131,216
Total non-current liabilities	28,178,990
Total liabilities	**71,152,502**
Net assets	**81,251,297**
Equity	
Contributed equity	260,364,664
Other equity	930,285
Reserves	792,369
Accumulated losses	(180,836,021)
Total equity	**81,251,297**

33. PARENT ENTITY DISCLOSURES

	2018 $	2017 $
(a) Financial position		
Assets		
Current assets	**12,491,568**	2,137,453
Non-current assets	**94,384,458**	68,017,593
Total assets	**106,876,026**	70,155,046
Liabilities		
Current liabilities	**20,121,083**	1,692,790
Non-current liabilities	**5,503,646**	10,986
Total liabilities	**25,624,729**	1,703,776
Equity		
Contributed equity	**260,364,664**	236,674,602
Other equity	**930,285**	930,285
Reserves	**792,369**	157,787
Accumulated losses	**(180,836,021)**	(169,311,404)
Total equity	**81,251,297**	68,451,270
(b) Financial performance		
Profit/(loss) for the year	**(11,388,001)**	(123,107,883)
Other comprehensive income	**497,966**	-
Total comprehensive profit/(loss) for the period	**(10,890,035)**	(123,107,883)
(c) Financial commitments		
Operating lease:		
- not later than one year	**147,178**	147,275
- later than one year but not later than two years	**61,753**	149,710
- later than two years but not later than five years	**-**	61,753
Total financial commitments	**208,931**	350,738

(d) Contingent liabilities

The parent entity did not have any contingent liabilities at 30 June 2018 (2017: $nil).

Declaration by Directors

The Board of Directors of Red 5 Limited declares that:

(a) the consolidated financial statements, accompanying notes and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

The Board of Directors has received the declaration by the Managing Director and Chief Financial Officer required by Section 295A of the Corporations Act 2001, for the year ended 30 June 2018.

Signed in accordance with a resolution of the directors.

Kevin Dundo
Chairman

Perth, Western Australia
21 September 2018

KPMG

Independent Auditor's Report

To the shareholders of Red 5 Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Red 5 Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Acquisitions; and
- Going Concern basis of accounting

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Acquisitions	
Refer to Note 31 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Acquisitions are a Key Audit Matter due to: • The size of the acquisitions having a pervasive impact on the Group's financial statements: the Group made two acquisitions during the year, being 100% of Darlot Mining Company Pty Ltd and the King of The Hills Gold Project (KOTH). • Level of judgement required by us in evaluating whether the acquisitions were a business combination or an asset acquisition. The difference in the accounting for the acquisition as a business or an asset is significant and could impact the recognition and measurement of amounts reported in the consolidated financial statements. • The judgement required by us in evaluating the fair value of deferred consideration and evaluating the Group's purchase price allocation. These conditions and associated complex acquisition accounting required significant audit effort and greater involvement of senior team members.	For each acquisition, our procedures included: • Reading the sale and purchase agreements to understand the structure, key terms and the nature of consideration. Using this information, we evaluated the accounting treatment of the acquisition. • Assessing the level of inputs, processes and outputs for both Darlot and KOTH to compare to the Group's conclusion that KOTH was an asset acquisition and Darlot a business combination. • We involved senior audit team members to assess the accounting treatment for the transaction. We researched and analysed the conclusions reached by the Group to accounting interpretations, industry practice and accounting literature. • Critically evaluating the model developed by the Group to determine the fair value of the assets and liabilities acquired in the acquisitions. In particular, we focused on significant judgements made by the directors in assessing the fair value of Property, Plant and Equipment, Mineral Rights, Deferred Tax and Rehabilitation Provisions. • Critically evaluating the independence and objectivity of experts used in assessing the fair value of Property, Plant and Equipment and Rehabilitation Provisions. • Assessed the Group's determination of fair value measurement of deferred consideration. This involved: – Checking key inputs and assumptions from the Group's calculation of deferred consideration to the Sale and Purchase Agreements; and – Checking the mathematical accuracy of the deferred consideration liability and the net present value of future expected payment. • We considered the adequacy of the Group's disclosures in respect of this acquisition against the criteria in the accounting standards.

KPMG

Going concern basis of accounting

Refer to Note 2.2 to the financial report

The key audit matter	How the matter was addressed in our audit
The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in note 2.2. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow forecasts. The preparation of these forecasts incorporated a number of assumptions and significant judgements and they have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following: • The Group's forecast care and maintenance costs included within the Group's cash flow forecasts with respect to the Siana Project. • Impact of expected gold prices and forecast US Dollar, Philippine Peso and Australian Dollar foreign exchange rates to cash flows projected. • The Group's planned levels of operational and capital expenditures, grade of resource, ability to increase production, and the ability of the Group to manage cash outflows within available funding. • The Group's ability to raise additional funds from shareholders or other parties and the projected timing thereof. This included source of funds, availability of fund type, feasibility and status/progress of securing those funds. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, the gold industry and the economic environment it operates in.	Our procedures included, amongst others: • We analysed the cash flow projections by: ○ Evaluating the underlying data used to generate the forecasts. We specifically looked for their consistency with the Group's intentions, and their comparability to past practices. Information was sourced from mine plans and reserve reports. We tested forecast gold prices and foreign exchange rates used by management to published views from market commentators. We also evaluated the consistency of forecast sales, production volumes and production costs to historical production information; ○ Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. We assessed the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections and sensitivity analysis on key cash flow projection assumptions; ○ Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group; ○ We held discussions with senior management to understand and assess options available for additional funding arrangements. • We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Red 5 Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. The Chairman's Address, Managing Director's Review, Resources and Reserves Statement, Additional Information and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Red 5 Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001.*

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001.*

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards.*

KPMG.

KPMG

R Gambitta
Partner

Perth

21 September 2018

Statement of Shareholders

as at 21 September 2018

DISTRIBUTION OF SHARE AND OPTION HOLDERS

			Number of Holders	
			Fully paid shares	Unlisted rights
1	–	1,000	735	–
1,001	–	5,000	800	–
5,001	–	10,000	405	–
10,001	–	100,000	1,242	–
100,001		and over	550	8
			3,732	8
Including holdings of less than a marketable parcel			1,782	

CLASSES OF SHARES AND VOTING RIGHTS

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll, every person present in person or by proxy has one vote for each ordinary share held.

SUBSTANTIAL SHAREHOLDERS

The following shareholders have lodged a notice of substantial shareholding in the Company.

Shareholder	Number of shares	%
St Ives Gold Mining Company Pty Ltd	246,875,821	19.88
Franklin Resources Inc	181,213,853	14.59
Saracen Mineral Holdings Limited	130,600,000	10.52
Ruffer LLP	104,000,000	8.37
Matchpoint Asia Fund Limited	63,830,167	5.14

TWENTY LARGEST HOLDERS OF FULLY PAID SHARES

	Shareholder	Number of shares	%
1.	HSBC Custody Nominees (Australia) Limited	299,605,309	24.12
2.	St Ives Gold Mining Company Pty Ltd	246,875,821	19.88
3.	Saracen Mineral Holdings Limited	130,600,000	10.52
4.	Citicorp Nominees Pty Ltd	80,242,203	6.46
5.	McNeil Nominees Pty Ltd	65,802,985	5.30
6.	JP Morgan Nominees Australia Limited	43,244,159	3.48
7.	HSBC Custody Nominees (Australia) Limited	30,060,000	2.42
8.	Gary B Branch Pty Ltd	11,300,000	0.91
9.	BNP Paribas Noms Pty Ltd	9,004,921	0.73
10.	Bart Superannuation Pty Ltd	8,000,000	0.64
11.	Philip & Janet Turner Pty Ltd	6,889,735	0.55
12.	Ironside Pty Ltd	6,344,024	0.51
13.	John Colin Loosemore & Susan Loosemore	5,632,204	0.45
14.	Ilwella Pty Ltd	5,572,087	0.45
15.	BNP Paribas Noms Pty Ltd	5,004,500	0.40
16.	Ormond Peter Wood	4,800,000	0.39
17.	John Broadfoot & Judith Broadfoot	4,000,000	0.32
18.	Roger Craig Adams	4,000,000	0.32
19.	David Teoh	3,989,707	0.32
20.	Neweconomy.Com.Au Nominees Pty Ltd	3,949,564	0.32
		974,917,219	78.49

UNQUOTED SECURITIES

The following classes of unquoted securities are on issue:

		Holders of greater than 20% of each class of security		
Security	Number on issue	Name of holder	Number	%
Performance rights (2020)	15,643,200	Mark Williams	5,616,400	35.90

CORPORATE GOVERNANCE STATEMENT

The Company's 2018 corporate governance statement can be viewed at http://red5limited.com/corporate-governance-1/.

Corporate Directory

Board of Directors

Kevin Dundo (Chairman)

Mark Williams (Managing Director)

Ian Macpherson (Non-Executive Director)

Colin Loosemore (Non-Executive Director)

Steven Tombs (Non-Executive Director)

Company Secretary

Frank Campagna

Registered Office

Level 2, 35 Ventnor Avenue,
West Perth, Western Australia, 6005

Telephone: (61-8) 9322 4455
Facsimile: (61-8) 9481 5950
Email: info@red5limited.com
Website: www.red5limited.com

Manila Office

Greenstone Resources Corporation
Rm. 507-508, ALPAP II Building
Trade Street, corner Investment Drive
Madrigal Business Park
Ayala, Alabang
Muntinlupa City
Philippines 1780

Telephone: (63-2) 807 2790
Facsimile: (63-2) 807 6658

Share Registry

Security Transfer Australia Pty Ltd
770 Canning Highway,
Applecross, Western Australia, 6153

Telephone: 1300 992 916
Facsimile: (61-8) 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Bankers

National Australia Bank Limited

Auditors

KPMG

Solicitors

HopgoodGanim

SyCip Salazar Hernandez & Gatmaitan (Philippines)

Stock Exchange Listing

Australian Securities Exchange
Trading code: RED

Red 5 Limited
ABN 73 068 647 610

www.red5limited.com