



For personnel use only

CORPORATE PROFILE

Red 5 Limited (ABN 73 068 647 610) is an Australian gold producer with established mines located in the Eastern Goldfields of Western Australia. The Company is listed on the Australian Securities Exchange (Ticker: RED).

Red 5 owns and operates the King of the Hills (KOTH) Gold Project, located approximately 900 kilometres north-east of Perth in the Leonora-Leinster mineral province of Western Australia. Construction is progressing on a new 4.0Mtpa processing plant at KOTH, which is underpinned by an Ore Reserve of 2.4Moz of contained gold and will be fed by a bulk open pit and underground mining operation over a 16-year life of mine plan. The \$226 million project is fully financed and first gold production is scheduled for the June 2022 quarter.

Red 5 also owns and operates the Darlot Gold Mine located approximately 100 kilometres north of KOTH. Darlot's processing plant is currently fed by an underground mine at Darlot and a satellite open pit mine at Great Western. Red 5 has announced that, as part of its KOTH Processing Hub Strategy, the Darlot underground mine will transition to a satellite mine for the KOTH operation in 2022, with the Darlot processing plant to be placed on care and maintenance.

The Red 5 Group has recently divested its interests in the Siana Gold Project located in the Philippines to focus on its expanding gold mining operations in Western Australia.

“ 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. ”

CONTENTS

Message from the Chairman	2
Report from the Managing Director	3
Resources and Reserves Statement	10
Tenement Schedule	17
Financial Report	
Directors' Report	18
Annual Financial Statements	38
Notes to Financial Statements	42
Statement of Shareholders	85
Corporate Directory	86

For personal use only

2021 HIGHLIGHTS

WEST AUSTRALIAN GOLD OPERATIONS

Mining and Processing

- ▲ Gold production of 76,104 ounces for FY-21 recovered from a total of 984,220 tonnes of ore processed at an average head grade of 2.63g/t Au.
- ▲ Mining commenced at the Great Western open pit deposit located near Darlot.
- ▲ Strong safety performance, with one Lost Time Injury (LTI) recorded across Red 5's mining, processing and exploration activities in FY-21.
- ▲ Implementation of a revised mine plan for the Darlot gold mine as part of the new King of the Hills (KOTH) processing hub strategy. Under this plan, the Darlot underground mine will transition to become an additional high-grade feed source for the new KOTH processing plant, enabling a step-change in Darlot's unit production costs.
- ▲ 12-month mine development program by Redpath mining contractor, planned in FY-22 to unlock Darlot's extensive 1.3Moz Resource base.

King of the Hills (KOTH) development

- ▲ Final Feasibility Study delivered a 2.4Moz Ore Reserve, underpinning an initial 16-year mine life with forecast total Life of Mine production of 2.5Moz at an average AISC of A\$1,415/oz.
- ▲ Mining permit approved by the Department of Mines, Industry Regulation and Safety (DMIRS).
- ▲ Project development is well advanced, with 59% project completion achieved as at the end of August 2021.
- ▲ 5-year open pit and underground mining services contract awarded to Macmahon Contractors.
- ▲ Project development on schedule to deliver first gold production in the June Quarter 2022.

Exploration and Resource Development

- ▲ +35,000m diamond and RC drilling programs commenced across key prospects within the broader Darlot area, with programs aimed at delivering resource growth and new discoveries.
- ▲ Maiden Proved and Probable Open Pit Ore Reserve delivered for Great Western of 437,500t @ 2.5g/t Au for 35,424oz of contained gold (0.72g/t Au cut-off).

FINANCIAL AND CORPORATE

- ▲ Total gold sales of 75,907 ounces for \$173.4 million for FY-21.
- ▲ Secured a \$175 million KOTH project debt facility with global banking syndicate involving Macquarie Bank, BNP Paribas and HSBC. First draw-down occurred in July 2021.
- ▲ Gross profit from operations of \$2.3 million for the 12 months to 30 June 2021, with a net loss after adjusting for discontinued operations (referring to the Siana Gold Project) of \$43.2 million.



Message to Shareholders **FROM THE CHAIRMAN**

Dear Shareholders

Red 5 took further crucial steps during FY-21 towards its objective of becoming a leading mid-tier Australian gold producer, underpinned by the successful development and delivery of what we expect will be Australia's next major gold mine – our flagship King of the Hills (KOTH) project in the Eastern Goldfields.

Following the completion of a Final Feasibility Study (FFS) for the KOTH project in September 2020, Red 5 secured in June 2021 a highly competitive \$175 million project finance package from a syndicate of lenders comprising BNP Paribas, HSBC and Macquarie. In conjunction with the debt facility, Red 5 also completed a fully underwritten \$60 million entitlement offer in April 2021.

With this funding in place, we are now progressing through each milestone and on track to achieve first production from the KOTH operation in the June Quarter 2022.

Importantly, we have been able to achieve this progress despite the impact of the ongoing COVID-19 pandemic and against the backdrop of an increasingly competitive market in the Western Australian mining industry, which has made accessing labour, services and equipment an increasing challenge across the resources sector.

The Company has been in a strong position to place orders early for key long-lead items and secure quality people and services well ahead of the tightening in the market, which we saw in the second half of last year.

Gold production for FY-21 was 76,104 ounces. In August 2021 we completed a comprehensive review of our mining operations across the Eastern Goldfields, delivering a new mine plan that I believe will underpin a much more robust production and cost profile for Red 5 over the coming years.

In what represents a reversal of our original operating strategy in the Eastern Goldfields, from mid next year, we will commence trucking Darlot ore to be processed at the new plant being constructed at King of the Hills. The new mill being built at KOTH is an ultramodern state-of-the-art CIL plant, with significant latent capacity and forecast production costs considerably below what we can achieve at Darlot. This will make Darlot a high-grade source of satellite ore feed for KOTH.

In addition, this strategy will also enable Red 5 to transition our Darlot employees across to the KOTH operation. This provides certainty both to the Company and its employees and significantly reduces our labour-related risk for KOTH.

Post year end, we were pleased to secure a binding agreement for the divestment of our interests in the Siana Gold Project in the Philippines, for a consideration of US\$19 million in cash as well as a net smelter return on future gold production up to 619,000 ounces (equivalent to a face value of US\$36 million at a US\$1,800/oz gold price).

As we look ahead to the coming financial year, Red 5 occupies a relatively unique growth space in the ASX gold sector as an existing producer with a large-scale, long-life development asset at KOTH.

In addition, over the coming year, we expect to make important progress towards opening up new mining areas at Darlot as part of the new mine plan, as well as maintaining an active exploration program across our tenement portfolio.

I am confident that the considerable amount of hard work being put in across the business will ultimately be reflected in a re-rating of our share price as we start production at KOTH and embark on this next exciting chapter of our journey as an Australian gold producer.

In conclusion, I would like to sincerely thank the Red 5 team – including my fellow board members, our executive team and employees and contractors – for their efforts over the course of the year. I would also like to thank all our shareholders for your ongoing support.



Kevin Dundo

Chairman

17 September 2021

Message to Shareholders FROM THE MANAGING DIRECTOR

The 2021 financial year has been another busy and productive period for Red 5, with the Company making positive progress towards the development of the King of the Hills (KOTH) gold project in the Eastern Goldfields region of Western Australia – the largest new gold mine currently under development in Australia.

Red 5 completed a Final Feasibility Study (FFS) for the KOTH development in September 2020, which delivered a 2.4Moz Ore Reserve, underpinning an initial 16-year mine life and confirming a clear pathway to production in 2022.

Since the delivery of the FFS, Red 5 has taken significant steps towards the development of the project, with the execution of a competitive \$175 million project finance package from a Tier-1 banking syndicate and with construction at KOTH progressing on schedule and within budget, putting Red 5 on-track to deliver first gold production from the new KOTH bulk mining operation in the June Quarter 2022.

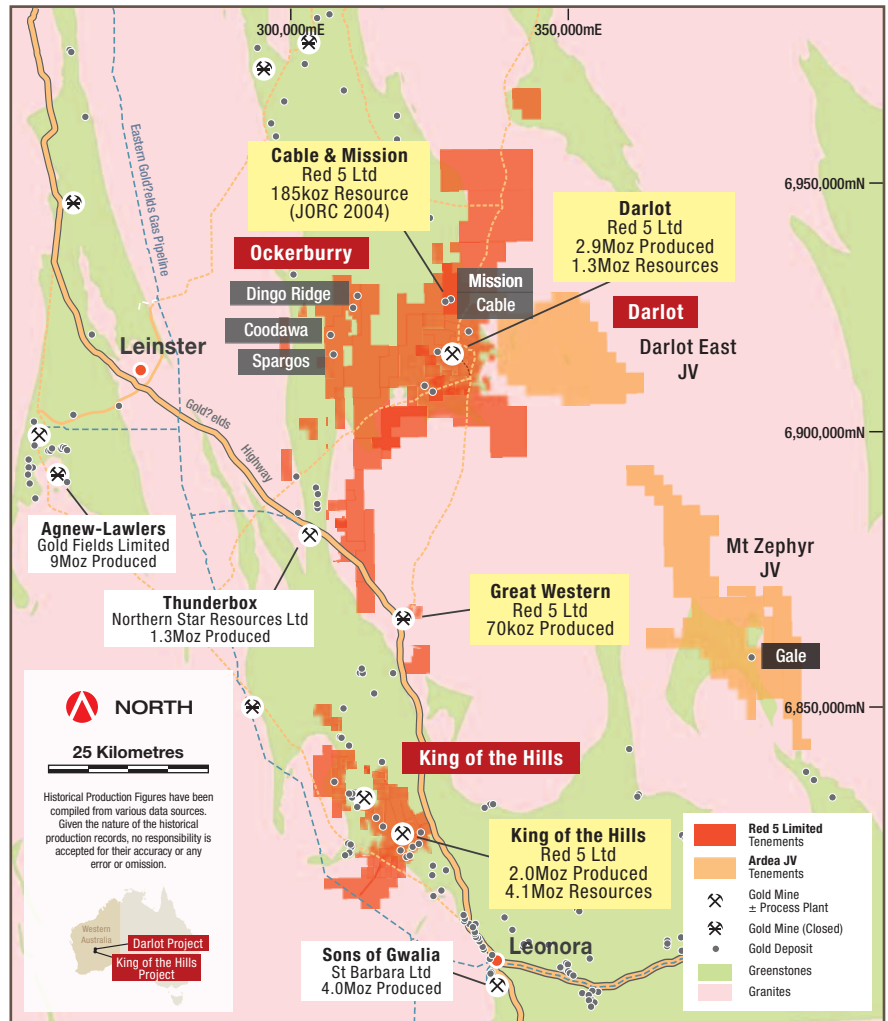
To have achieved such progress against the backdrop of ongoing uncertainty and upheaval stemming from the COVID-19 pandemic is a testament to the dedication and commitment of the Red 5 team, and I would like to congratulate everyone on their efforts.

On the mining front, Red 5's Eastern Goldfields operations delivered total gold production over the past year from Darlot, KOTH and the newly-commissioned Great Western open pit of 76,104 ounces.

Red 5 completed a comprehensive review of its operations in August 2021, which resulted in a revised mine plan for Darlot, which will see the Darlot underground transition into an additional medium-term, high-grade feed source for the new KOTH processing plant, which has latent capacity.

Processing Darlot's ore through KOTH's new processing plant will enable us to deliver a step-change in production costs. A 12-month mine development program is also underway to unlock Darlot's 1.3Moz Resource base and reduce reliance on mining remnant areas.

We will also continue our commitment to exploration over the next 12 months, with robust exploration programs planned across our tenement portfolio in the Eastern Goldfields.



Darlot, KOTH and Great Western locations, showing historical production from key gold deposits in the region.

HEALTH AND SAFETY

Using a proactive, preventative approach, the Company continues to strive to develop a culture of health and safety leadership within the organisation and firmly embed safety as a line management responsibility.

Red 5 ensures compliance with all occupational health regulations. All monitoring is undertaken according to the Company's risk-based hygiene management plan, developed with occupational hygienist consultation and expertise.

During the year, Red 5 achieved certification for ISO 45001:2018 at the Darlot mine. The new standard helps Red 5 achieve the intended outcomes of our OH&S management system: continual improvement of our OH&S performance, the achievement of OH&S objectives, and the fulfilment of legal and other requirements.

Red 5 continues to proactively manage the potential impact of the COVID-19 global pandemic on the Company's operations.

During FY21, Red 5 responded to COVID-19 with an agile strategy, using the hierarchy of controls to manage the COVID-19 risk and keep workers safe. A practical, contextualised process was undertaken to reduce virus transmission pathways, including travel restrictions, medically managed isolation and quarantine, mask distribution and physical distancing. Rosters were adapted to minimise movement and to ensure key interstate personnel could continue to perform in their positions.

There has been no direct material impact from COVID-19 on the Company's operations to date.

Message to Shareholders FROM THE MANAGING DIRECTOR (cont.)

EASTERN GOLDFIELDS, WESTERN AUSTRALIA

Red 5 holds an extensive 2,555km² strategic tenement footprint in the world-class Leonora-Leinster mineral district in the northern goldfields of Western Australia, which includes the Darlot, KOTH and Great Western gold mines. During the reporting period, ore from all three operations was trucked to Darlot for milling through the processing plant.

Mining operations were progressively scaled down at the KOTH underground mine over the first half of the reporting period to preserve the ore for a new on-site processing facility currently under construction. Production from Great Western was progressively scaled up to substitute this ore feed into the Darlot mill.

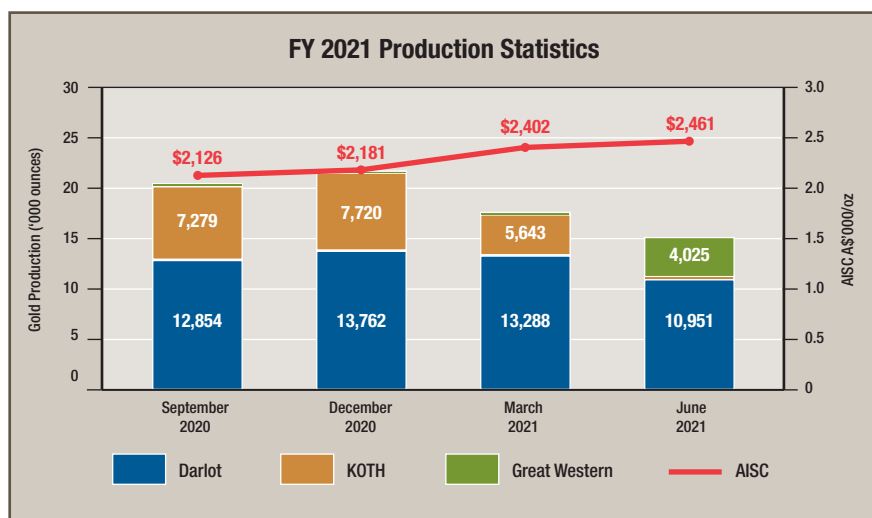
In addition to its operating gold mines, Red 5's tenements also offer significant exploration upside, with active exploration programs being undertaken at both Darlot and KOTH during the year.

WEST AUSTRALIAN GOLD OPERATIONS

Production summary

A total of 76,104 ounces of gold was recovered for the 12 months to 30 June 2021, with ore sourced from Darlot and KOTH during the first half of the reporting period and from Darlot and Great Western in the second half of the reporting period. The transition of mining operations from KOTH to Great Western was undertaken to maintain throughput at the Darlot mill while preserving ore at the KOTH underground mine for processing through the new processing plant currently under construction.

Production in FY2021 was impacted by a lack of labour availability at both the Darlot underground mine and the Great Western open pit during the March and June Quarters, a situation that was prevalent across the mining industry. However, these operator shortages were largely resolved in June, with mining rates at both operations achieving forecast levels for the month of June 2021.



Processing

A total of 984,220 tonnes of ore was milled at a throughput of 125 dry tonnes per hour.

Table 1: Darlot Mill Processing Statistics

	Units	Jun 2021 Quarter	Mar 2021 Quarter	Dec 2020 Quarter	Sept 2020 Quarter	FY-21 Total
Ore milled	t	214,906	246,782	262,662	259,870	984,220
Average head grade	g/t	2.38	2.61	2.81	2.66	2.63
Recovery	%	92.6	92.0	90.6	91.3	91.6
Gold recovered	oz	15,251	19,036	21,534	20,283	76,104
Gold sales	oz	14,552	19,011	22,412	19,932	75,907

Key projects completed at the Darlot mill during the period included:

- ▲ Primary gravity circuit – a new Knelson concentrator and screen were installed and commissioned on the primary mill circuit to increase overall gold recovery and reduce reagent consumption, particularly from the Great Western ore;
- ▲ Tailings Storage Facility #3 lift – an embankment lift of 2.5 metres to the west cell of TSF #3 was completed in May 2021, providing approximately another 1.0 million tonnes of storage capacity or a further 12 months under current throughputs.
- ▲ Gold room ventilation – an upgrade to the gold room ventilation system was undertaken to meet current DMIRS requirements.

Mining activities - Darlot

Mining during the year predominantly focused on the Thomson 980, Benaud's Link, Walters 780, BAR, Pedersen 1110, Pedersen Lower, Grace 1140, Lillie 1060, Border 1010 and Grace/Marsh remnant area sectors.

Oval stoping concluded in the December Quarter 2021, with stoping transitioning to the Bradman, Marsh and Benaud's Link orebodies.

Production in the second half was focused on the Walters 780, Grace 1140 and Thomson 980 areas, and on the GR1090 and MA1140 bulk stopes, with air-leg mining undertaken in the Hurst, Federation, Border and Benaud's Link sectors.

Message to Shareholders FROM THE MANAGING DIRECTOR (cont.)

Mining activities – King of the Hills

The majority of the production tonnes were sourced from narrow veins. These stopes, being the Theon, Oros, Margery, Jaqe, Jojen, Janos, Tyra and Lemonwood lodes, were supplemented by the bulk stope in the W4950.

Capital development was focused on the west decline, with lateral development focused on the ore drives in the Central 5125, 5180 levels and the West 4980 level.

Mining operations at KOTH were suspended in January 2021. The mining contractor was fully demobilised from site, with the KOTH underground mine currently being maintained in a standby state with pumping, ventilation and electrical reticulation remaining active.

Mining activities – Great Western

The Red 5 and mining contractor team mobilised to the Great Western site in January 2021. Land clearing and grubbing of topsoil for the Great Western open pit, haul roads, waste storage facilities, ROM, office, workshop and turkey's nest dam started in mid-January 2021 once the mining proposal for Great Western was approved by DMIRS.

The Great Western pit design has been split into two stages in order to manage the gold production profile of the pit and therefore project cash flow. Stage 1 mining started in the first half of February 2021. Infrastructure offices, fuel farm, water supply, gensets, power reticulation, crib rooms and ablutions have now been established.

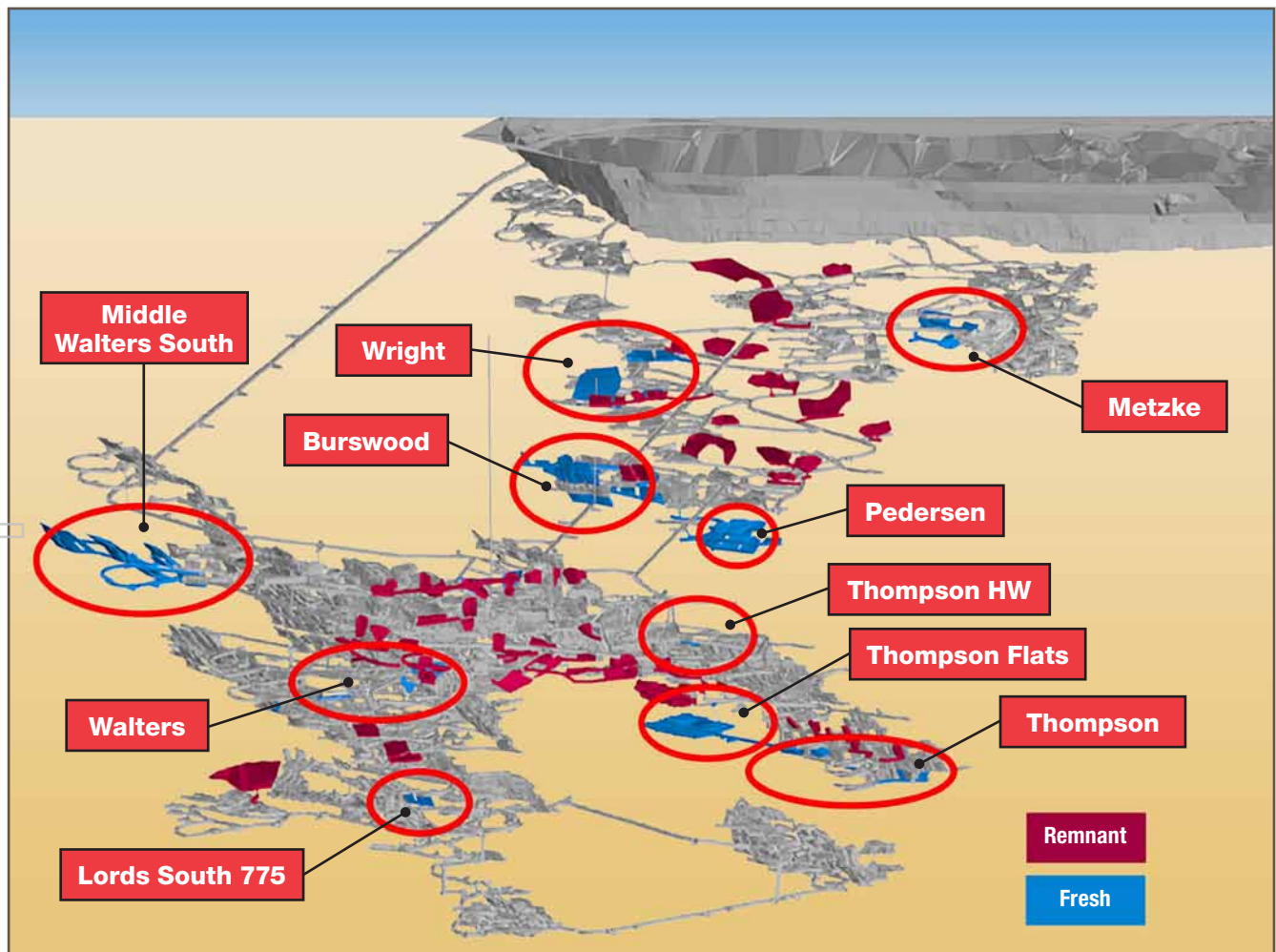
Ore haulage from Great Western to the Darlot processing plant started in the second half of March 2021. Mining rates have been impacted by machine operators and labour shortages are now prevalent across the mining industry.

Mining rates improved at Great Western during the June Quarter 2021, with full manning of the mining crews achieved from early June 2021, coupled with better navigation of the mining voids as well as improvements in mine design and haulage profiles. Mining activities have been prioritised in the starter Stage 1 pit to ensure that project cash flow is managed in lieu of the slower ramp-up in mining activities.

Darlot – Revised Mine Plan

Following an extensive review of the Darlot mine inventory, subsequent to the end of the reporting period, Red 5 announced a revised Darlot mine plan based on utilising latent capacity in the new KOTH processing plant, an approach that the Company refers to as the KOTH Processing Hub Strategy.

The commencement of processing operations at KOTH in the June Quarter 2022 will provide a more cost-effective processing alternative for Darlot ore, repositioning Darlot as a high-grade satellite ore source for KOTH.



Darlot's two-year mine inventory with new mining areas to be established in FY-22.

Message to Shareholders FROM THE MANAGING DIRECTOR (cont.)

In advance of production commencing at KOTH, the following Darlot initiatives will occur in the 2022 financial year:

- ▲ A Plant Capacity Study completed by Mintrex has confirmed that the KOTH processing plant can process up to 4.7Mtpa of ore without additional capital expenditure.
- ▲ Darlot will undertake an initial 12-month phase of underground mine development to establish new mining areas and reduce the reliance on remnant stopes.
- ▲ A workforce transition strategy is being developed for Darlot non-mining and processing personnel to relocate to KOTH, thereby reducing the labour recruitment risk for KOTH.
- ▲ From the June Quarter 2022, Darlot ore will be processed at the KOTH processing plant. The Darlot ore processed will be added to the 4Mtpa of ore proposed to be mined and processed from the KOTH open pit and underground mines.

In the current gold price environment, Darlot has the potential to add significant value for a number of years as a high-grade satellite ore source for KOTH, with the cash-flow generated from operations facilitating the ongoing exploration of Darlot's world-class mineral system.

FEASIBILITY STUDY – KING OF THE HILLS PROJECT

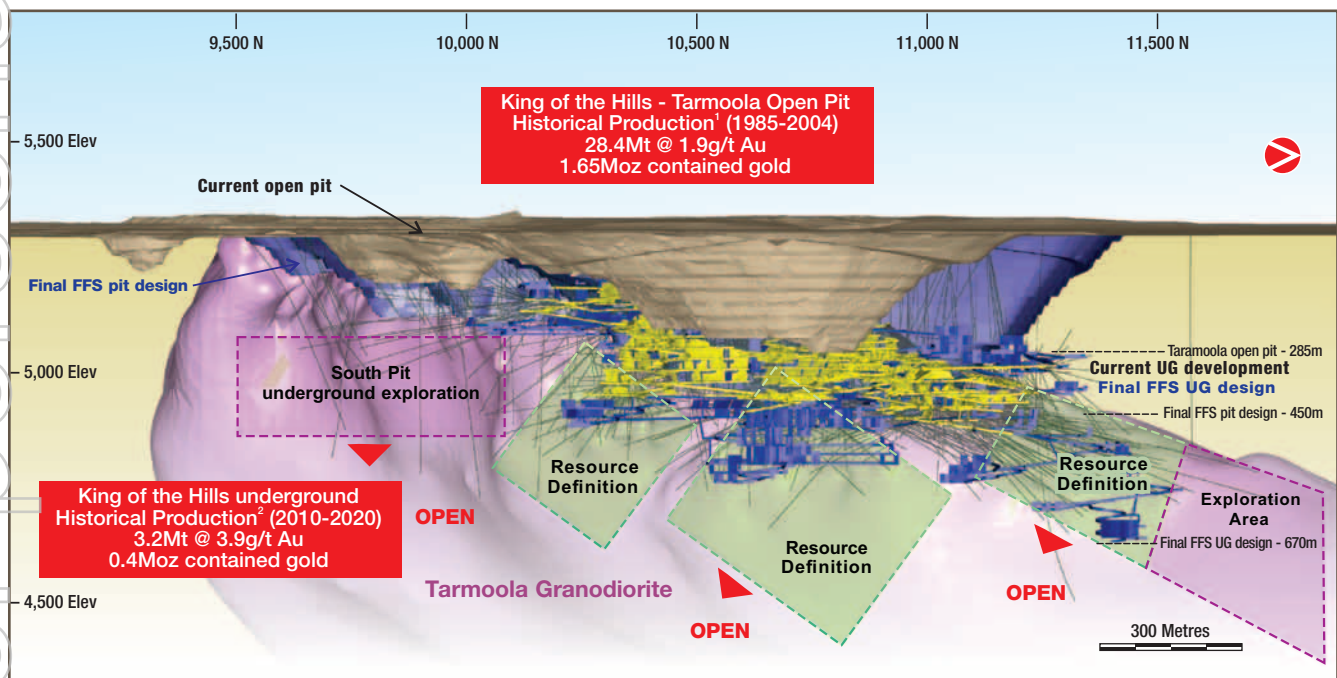
The Final Feasibility Study (FFS) for the stand-alone integrated bulk open pit and underground mining and processing operation at KOTH was delivered in September 2020. Based on the FFS results, the project will provide robust financial returns from a long-life, large open pit and underground mining operation, for a relatively modest capital investment given the scale of operations envisaged.

The KOTH project Life-of-Mine (LOM) plan will initially comprise a 16-year mining operation starting in 2022 and delivering LOM production of 2.5 million ounces of contained gold. The FFS paved the way for a final investment decision by the Red 5 Board, with the Company on track to deliver first gold production from the KOTH bulk mining operation in the June Quarter 2022.

The Life of Mine plan involves two distinct mine production phases over its life:

- ▲ Years 1-6: mining of the south and north pits, including underground mining in Years 1-5;
- ▲ Years 7-16: cut-back of the north pit and processing low-grade stockpiles in the final years.

Full details of the KOTH FFS were provided in the Company's ASX release dated 15 September 2020.



1. 1985-2004 production history compiled from various sources, including quarterly and annual reports to the ASX.

2. Underground production totals as at 30 June 2021.

Due to rounding, the totals may not correspond with the sum of the individual production statistics.

Message to Shareholders **FROM THE MANAGING DIRECTOR** (cont.)

KING OF THE HILLS DEVELOPMENT

Following the completion of the FFS, Red 5 issued a Notice of Award for the Engineering, Procurement and Construction contract (EPC Contract) and the bulk earthworks for the process plant to MACA Interquip.

The EPC contract and bulk earthworks – which encompass the KOTH processing facility, equipping of the bore fields, high voltage power distribution, workshop, warehouse and bulk earthworks – is being undertaken as a fixed price contract. Following approval of the Mining Proposal by DMIRS, MACA Interquip mobilised to site in December 2020.

Since then, construction activities have progressed on schedule and within budget, with construction at 59% project completion as at the end of August 2021.

All key permits and approvals for both construction and mining activities at KOTH are in place.

The KOTH mining services contract has been awarded to Macmahon Contractors Pty Ltd and encompasses the combined open pit and underground mining operations at KOTH. Red 5 has entered into a power purchase agreement with Zenith Energy Limited, which will build, own and operate approximately 30MW of power generation capacity, comprising high-efficiency reciprocating gas fuel power generation together with a 2MW (DC) photo voltaic solar farm and a battery energy storage system, to service KOTH's power needs.

Gas will be supplied from the Goldfields Gas Pipeline, located 12 kilometres west of the mine, under separate contracts, with a gas supply agreement with Alinta Energy and a gas transport agreement with APA Group.



Message to Shareholders **FROM THE MANAGING DIRECTOR** (cont.)

EXPLORATION AND RESOURCE DEVELOPMENT

DARLOT

Red 5 has an extensive drilling commitment at Darlot, with over 35,000m of diamond and RC drilling completed in the 2021 financial year across multiple near-mine and regional prospects, aimed at increasing existing Resources and making new discoveries.

Great Western

Red 5 delivered an updated Mineral Resource estimate for the Great Western gold deposit in October 2020, comprising 870,000 tonnes grading 2.5g/t gold for 70,300oz of contained gold.

Drilling commenced at the Great Western project in the September Quarter 2020, with four drill programs undertaken to test a variety of exploration targets proximal to the deposit and to complete Resource definition drilling. The Resource drilling was designed to enhance drill information in data-poor sections of the deposit to convert these areas to Indicated classification, and to improve the accuracy of Resource estimation as part of the economic study.

Cable and Mission

The Cable and Mission satellite gold deposits are located approximately 10 kilometres north of the Darlot gold mine, along strike from the Taranaki Shear within the Yandal Greenstone Belt. Primary gold mineralisation at both prospects is predominantly associated with medium to high-grade quartz vein sets hosted within dolerite units, similar to the nearby Centenary orebody at the Darlot mining operations.

Due to the narrow ore zones associated with the Cable and Mission deposits, a staged and decision-based in-fill drilling approach has been adopted to delineate the Mineral Resources. Phase 1 RC in-fill drilling completed at Mission has confirmed the continuity of north-trending, steeply west-dipping quartz vein sets along the known 500 metre strike extent of mineralisation.

At the Cable deposit, drill holes intersected mineralisation in small parallel structures, confirming the historical model for the Cable deposit from previous owners. The drilling has confirmed the presence of an alluvial flood plain wash of up to 10 metres with areas then covered by aeolian sand dunes. The weathering profile can be up to 120 metres deep vertically due to underlying shear zones being more susceptible to weathering.

Darlot East (Red 5 – Ardea JV)

The Darlot East Project is located east of the Darlot mine and consists of tenements E 37/1273 and E 37/1272 for a combined total area of approximately 370km².

The project area lies within the southern end of the gold-rich Yandal greenstone belt and occupies a complex lithostructural setting which is dominated by multiple generations of granitoid emplacement and the north-west striking and easterly-dipping Celia Shear Zone, which runs along the eastern side of the tenure for approximately 25 kilometres.

King of the West

The King of the West prospect is located within tenement E37/1253, in close proximity to the Goldfields Highway and 10 kilometres south of the Great Western mine.

The geological setting of the project area shows strong similarities to the nearby Wonder/Celtic and Great Western areas, comprising north-south trending greenstone packages intruded by granitoids which are intersected by WNW-ESE striking structures.

Emperor West

The Emperor West target area is situated in the south-western area of the Darlot tenure and lies within the fertile and under-explored Emperor structural corridor. A number of high-resolution open file aeromagnetic surveys have been obtained that cover the project area, and interpretation and re-processing of these surveys have highlighted structural anomalies similar to those associated with nearby gold deposits.

Based on this interpretation, it appears that the target area contains a significant lithological boundary between a granitic intrusion covering the southern part and mafic intrusives (dolerite/gabbro) in the northern part of the tenement. These contacts are highly prospective for gold mineralisation, as the shear zones along these contacts allow fluid flow and the difference in rheological and geochemical characteristics are favourable for generating traps for gold to precipitate.

KING OF THE HILLS

Bulk Mineral Resource update

Subsequent to the end of the reporting period, Red 5 reported an updated bulk mining Mineral Resource estimate for KOTH, comprising 90.7 million tonnes at 1.4g/t Au for an estimated 4.12 million ounces of contained gold, with 73% of the total Mineral Resource estimate (69.6Mt @ 1.4g/t Au for 3.03Moz) in the higher-confidence "Indicated Resource" category.

Importantly, the update included a 19% increase in contained ounces in the underground component of the Mineral Resource estimate, which now stands at 12.1Mt @ 2.1g/t Au for 830,000 ounces of contained gold, following the completion of underground drilling over the 2020 calendar year. The Resource remains open at depth.

The updated Resource estimate is based on an additional 33,088m of diamond drill core drilled underground between February 2020 to July 2020, comprising a total of 60 resource definition drill holes for 18,129 metres and 109 grade control drill holes for 14,959 metres.

Drilling planned in FY-22

In preparation for mining at KOTH, underground drilling commenced with a single rig in August 2021, with a second underground rig commencing in April 2022. Approximately 54,000 metres of drilling has been planned in the 2022 financial year, with an additional 86,000 metres in the 2023 financial year for an estimated total of 140,000 metres. Drilling will be focused on a mixture of grade control, resource definition and exploration programs.

Message to Shareholders **FROM THE MANAGING DIRECTOR** (cont.)

SIANA GOLD PROJECT, PHILIPPINES

Through its Philippine-affiliated company, Greenstone Resources Corporation (GRC), 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 have been suspended since April 2017, pending an improvement in operating conditions in the Philippines. Ongoing activities at the Siana project during the year included maintaining dewatering of the open pit, infrastructure maintenance, monitoring of geotechnical issues and community and government relations activities.

Subsequent to the end of the reporting period, in July 2021 the Red 5 Group entered into a binding agreement with TVI Resource Development (Phils.) Inc. (TVIRD) to divest its interests in GRC, which holds both the Siana Gold Project and the Mapawa Gold Project in the Philippines. TVIRD is the Philippine affiliate of the Canadian-listed company, TVI Pacific Inc and has two operating mines and a number of other development projects in the Philippines with interests in gold, nickel and copper.

Consideration for the acquisition comprises US\$19 million cash payable upon completion and Net Smelter Return royalty of 3.25% payable for up to 619,000 ounces of gold, with an estimated future face value of US\$36 million (based on a US\$1,800/oz gold price)

The divestment of its interests in Siana is consistent with Red 5's strategy to focus on its KOTH and Darlot gold mines in Western Australia.

CORPORATE

King of the Hills project finance facility

Red 5 has secured \$175 million in project finance facilities from BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited to develop KOTH. Financial close for the \$175 million KOTH debt funding package was achieved on 30 June 2021, and the first draw-down occurred in July 2021.

The project financing facilities have been provided on usual financial terms for a syndicate-banking group, featuring competitively priced and flexible facilities.

Entitlement offer

To conclude development financing for KOTH and to satisfy one of the conditions precedent for the finance facility, Red 5 also undertook in April 2021 a fully underwritten \$60 million, 4-for-21 accelerated non-renounceable entitlement offer to all shareholders. In addition to funding the KOTH development, funds were also used for drilling and development programs at the Darlot project and working capital.

Senior appointments

Ms Andrea Sutton was appointed to the Board as an additional non-executive director in November 2020, and Mr Jason Greive was appointed Chief Operating Officer commencing in November 2020.

Financial

The Group recorded sales revenue of \$173.4 million for the 2021 financial year. Net cash flow from operating activities was \$14.6 million with \$49.8 million in cash and bullion at year-end, of which \$28.5 million was allocated to reserve accounts and bank guarantees for the KOTH project.

For the year ended 30 June 2021, the Company recorded a gross profit from operations of \$2.3 million, a net loss from operations after income tax of \$9.5 million, and a net loss after adjusting for the Siana discontinued operations of \$43.1 million.

SUMMARY AND OUTLOOK

With funding for the KOTH development in place and with the construction of this 2.4Moz, 16-year life-of-mine project progressing on schedule, the coming 12 months are set to be an exciting period for Red 5 as we prepare to commence production from one of Australia's largest new gold mines.

The KOTH site is currently a hive of activity, with the final deliveries of long-lead items arriving in the September Quarter 2021, with work programs on track to achieve first gold production from the new processing facility before the end of the 2022 financial year.

A new streamlined mine plan has been developed for the Darlot mining operation, which will ultimately see ore trucked from Darlot to the new state-of-the-art processing facility at KOTH.

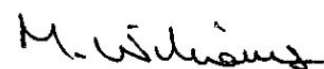
This is expected to deliver a significant reduction in operating costs in the 2023 financial year, providing the ability for Red 5 to implement a more aggressive mine development plan to unlock the significant Resource base at Darlot to reduce the dependency on remnant stopes.

In parallel with these activities, Red 5 intends to continue to maintain a strong focus on exploration and resource development, with major drilling programs either underway or imminent across the tenement portfolio.

All mining, development and exploration programs will be underpinned by an unwavering focus on the Company's environment, social and governance commitments.

The coming year is set to be an exciting period for Red 5. This positive position is thanks to the exceptional hard work and commitment of the Red 5 team of staff and contractors, and I would like to thank everyone for their efforts over the past year.

I would also like to thank our shareholders for their continued support.



Mark Williams
Managing Director

17 September 2021

MINERAL RESOURCES AND ORE RESERVES STATEMENT

WESTERN AUSTRALIAN GOLD OPERATIONS

The Mineral Resource for the Darlot project has increased by 10% for an additional 131koz since 30 June 2020. This resource increase has been the result of several factors including updated resource models for the Centenary and Pederson deposits, improved accuracy of the lode interpretations at Darlot and from additional resource drilling during the period.

Since the acquisition of the Great Western project in April 2020, Red 5 has developed the project into an Open Pit reserve in October 2020 of 437.5kt @ 2.5 g/t for 35.4koz contained ounces. Great Western is currently being mined with ore processed at the Darlot processing facility.

The combined Darlot underground and Great Western open pit reserves at 30 June 2021 was 2.64Mt @ 2.6g/t for 203koz of contained ounces.

During the 2021 financial year, Red 5 reported an updated Mineral Resource estimate for the King of the Hills (KOTH) gold project since the March 2020 release which was used for the KOTH Final Feasibility Study (FFS). Drilling and resource definition programmes completed post the KOTH FFS resource model resulted in an updated open pit and underground Mineral Resource estimate for KOTH totalling 90.7Mt at 1.4g/t Au for 4.12Moz of contained gold as at 30 June 2021 (refer to ASX release dated 22 July 2021).

The combined open pit and underground at King of the Hills including regional open pit reserves as at 30 June 2021 was 67.5Mt @ 1.1g/t for 2.43Moz of contained ounces.

The Cable and Mission JORC 2004 resource of 185koz of contained gold is not included in the Red 5 resource figures quoted as at 30 June 2021, as these resources form part of the exclusive sub-lease over the southern portion of Exploration Licence E37/1220.

The Company's Mineral Resource and Ore Reserve estimates, net of mining depletion, as at 30 June 2021 are detailed below.

DARLOT GOLD MINE JORC 2012 UNDERGROUND RESOURCES AND RESERVES AS AT 30 JUNE 2021

Total Mineral Resources - Darlot Gold Mine as at 30 June 2021

Project	Cut off Au g/t	Mining Method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
Darlot	2.0	UG	Measured	3	8.4	1
			Indicated	6,357	4.3	871
			Inferred	3,967	3.5	450
Great Western	1.5	UG	Measured	0	0.0	0
			Indicated	58	3.1	6
			Inferred	161	3.0	15
Underground – sub-total				10,546	4.0	1,343
Darlot	0.5	OP	Measured	0	0.0	0
			Indicated	893	1.2	36
			Inferred	1,792	0.8	46
Great Western	0.5	OP	Measured	87	2.7	8
			Indicated	462	2.3	35
			Inferred	42	1.2	2
Open pit – sub-total				3,276	1.2	125
Broken stocks	Var	UG	Measured	9	2.5	1
ROM stockpile	Var	UG & OP	Measured	61	1.0	2
Stockpiles – sub-total				70	1.2	3
Total	Var	All	Measured	159	2.1	11
			Indicated	7,771	3.8	947
			Inferred	5,962	2.7	513
Grand total				13,892	3.3	1,471

MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

Total Mineral Resources - Darlot Gold Mine as at 30 June 2020

Project	Cut off Au g/t	Mining Method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
Darlot and Great Western material	0.5-2.0	UG & OP	Measured	137	1.5	13
			Indicated	6,943	3.8	883
			Inferred	5,308	2.5	436
Underground – sub-total				12,388	3.2	1,332
Broken stocks	Var	UG	Measured	5	2.7	0.5
ROM stockpile	Var	UG	Measured	66	1.5	3
Stockpiles – sub-total				71	1.6	3.7
Darlot and Great Western material	0.5-2.0	All	Measured	208	1.5	17
			Indicated	6,943	3.8	883
			Inferred	5,308	2.5	436
Grand total				12,530	3.3	1,340
Total Mineral Resources - difference						
Total (difference)	0.5-2.0	All	Measured	-49	0.6	-6
			Indicated	828	0.0	64
			Inferred	654	0.2	77
Grand total (difference)				1,362	0.0	131
FY21 production Darlot				702	2.6	59

Total Ore Reserve - Darlot Gold Mine as at 30 June 2021

Project	Cut off Au g/t	Mining Method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
Darlot	2.0 - 2.3	UG	Proved	18	5.9	3
			Probable	1,861	2.7	164
Darlot – sub-total				1,878	2.8	168
Great Western	0.5	OP	Proved	87	2.4	7
			Probable	449	1.8	27
Great Western – sub-total				535	1.9	33
Broken stocks	Var.	UG	Proved	9	2.5	1
ROM stockpile	Var.	UG & OP	Proved	41	1.3	2
Stockpiles – sub-total				50	1.5	2
Total	Var.	All	Proved	154	2.5	12
			Probable	2,309	2.6	191
Grand total				2,464	2.6	203

Total Ore Reserve - Darlot Gold Mine as at 30 June 2020

Darlot	2.0 - 2.3	UG	Proved	12	2.2	1
			Probable	2,607	2.8	234
Darlot – sub-total				2,618	2.8	235
Great Western	0.8	OP	Proved	135	2.8	12
			Probable	303	2.4	24
Great Western – sub-total				437	2.5	35
Broken stocks	Var	UG	Proved	5	2.7	1
ROM stockpile	Var	UG & OP	Proved	66	1.5	3
Stockpiles – sub-total				71	1.6	4
Total	Var.	All	Proved	218	2.4	16
			Probable	2,909	2.8	258
Grand total				3,127	2.7	274
Total Ore Reserve - difference						
Total (difference)	0.5-2.0	All	Proved	-64	0.1	-4
			Probable	-600	-0.2	-67
Grand total (difference)				-663	-0.2	-71
FY21 production Darlot Hub				702	2.6	59

MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

KING OF THE HILLS JORC 2012 UNDERGROUND RESOURCES AND RESERVES AS AT 30 JUNE 2021

KOTH Resource as at 30 June 2021

Project	Cut off Au g/t	Mining Method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
KOTH as at 30 June 2021	0.4	OP	Indicated	65,000	1.3	2,690
			Inferred	13,700	1.4	600
			Sub Total	78,700	1.3	3,290
	1.0	UG	Indicated	4,600	2.3	340
			Inferred	7,500	2.0	490
			Sub Total	12,100	2.1	830
Variable	All	Indicated	69,600	1.4	3,030	
		Inferred	21,200	1.6	1,090	
KOTH OP and UG sub total				90,800	1.4	4,120

KOTH - Regional as at 30 June 2021

Rainbow	0.6	OP	Indicated	1,380	1.3	58
			Inferred	200	1.4	9
			Sub Total	1,580	1.3	67
Severn	0.4	OP	Indicated	480	1.7	27
			Inferred	440	1.5	21
			Sub Total	920	1.6	48
Centauri	0.5	OP	Indicated	1,390	1.5	68
			Inferred	320	1.3	13
			Sub Total	1,710	1.5	81
Cerebus-Eclipse	0.5	OP	Indicated	2,160	1.3	89
			Inferred	650	1.1	23
			Sub Total	2,810	1.3	112
Regional Resources as at 30 June 2021	Variable	OP	Indicated	5,410	1.4	242
			Inferred	1,610	1.3	67
Regional Resources as at 30 June 2021				7,020	1.4	308

Total KOTH and KOTH Regional Resource as at 30 June 2021

All projects as at 30 June 2021	Variable	OP	Indicated	70,410	1.3	2,932
			Inferred	15,310	1.4	667
			Sub Total	85,720	1.3	3,598
	1.0	UG	Indicated	4,600	2.3	340
			Inferred	7,500	2.0	490
			Sub Total	12,100	2.1	830
KOTH Stockpiles (OP)	0.0	OP	Indicated	2,810	0.5	40
KOTH Broken Stocks	Variable	UG	Measured	0	0.0	0
KOTH ROM	Variable	UG	Measured	111	0.9	3
Stockpiles - sub total				2,921	0.5	43
Total KOTH and KOTH regional resources	Variable	All	Measured	111	0.9	3
			Indicated	80,805	1.3	3,361
			Inferred	22,810	3.4	1,157
Grand total				103,726	1.8	4,521

MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

Total KOTH and KOTH Regional Resource as at 30 June 2020

Project	Cut off Au g/t	Mining Method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
Total KOTH and KOTH regional resources as at 30 June 2020	Variable	All	Measured	-	-	-
			Indicated	75,210	1.3	3,252
			Inferred	22,510	1.6	1,127
Regional resources as at 30 June 2020 - sub total				97,720	1.4	4,379
KOTH Stockpiles	0.0	OP	Indicated	2,810	0.5	40
KOTH Broken Stocks	Variable	UG	Measured	162	1.6	8
KOTH ROM	Variable	UG	Measured	13	2.4	1
Stockpiles - sub total				2,985	0.6	49
Total KOTH and KOTH Regional Resources	Variable	All	Measured	175	1.6	9
			Indicated	78,020	1.3	3,292
			Inferred	22,510	1.6	1,127
Grand total				100,705	1.4	4,428
Total Mineral Resource - difference						
Total KOTH and KOTH Regional Resource	Variable	All	Measured	-64	-0.7	-6
			Indicated	2,785	0.0	69
			Inferred	300	1.8	30
Grand total				3,021	0.4	93
Production for FY21				232	2.5	18

KOTH Reserves as at 30 June 2021

Project	Cut Off Au (g/t)	Mining Method	Classification	Tonnes (kt)	Au (g/t)	Contained Au (koz)	Recovered Au metal (koz)
KOTH	1.6	UG	Probable	2,400	2.3	180	166
	0.39	OP	Probable	58,500	1.1	2,090	1,931
Regional	0.30-0.32	OP	Probable	3,700	1	114	105
Broken stocks	Variable	UG	Probable	0	0	0	0
ROM stockpile	Variable	UG	Probable	111	0.9	3	3
Total				64,711	1.1	2,387	2,206

KOTH Reserves as at 30 June 2020

KOTH	2	UG	Probable	199	2.8	18.1	16.9
	0.43	OP	Probable	36,000	1.3	1,448	1,354
Regional	0.37	OP	Probable	1.4	1	44.2	41.3
Broken stocks	Variable	UG	Probable	162	1.6	8	7.6
ROM stockpile	Variable	UG	Probable	12.5	2.4	0.9	0.9
Total				36,375	1.3	1,519	1,421

Total Ore Reserve - difference

KOTH	-0.4	UG	Probable	2,201	-0.5	161.9	149
	-0.04	OP	Probable	22,500	-0.2	642	577
Regional	-0.05	OP	Probable	3,699	0	69.8	64
Broken stocks	Variable	UG	Probable	-162	-1.6	-8	-7.6
ROM stockpile	Variable	UG	Probable	98.5	-1.5	2.1	1,872
Total				28,336	-0.2	868	785
Milled for FY21				277	2.6	23	21

MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

PHILIPPINE OPERATIONS

SIANA GOLD PROJECT

As at 30 June 2021, the Group held interests in the Siana gold project located in the Philippines. On 29 July 2021, Red 5 announced a binding agreement had been entered into to divest the Siana Gold Project to TVI Resource Development (Phils.) Inc.

An annual review and update to the Siana Mineral Resource and Ore Reserve estimates for the year ended 30 June 2021 has been undertaken, with no resultant change from the figures quoted as at 30 June 2020.

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. Red 5's Philippine-affiliated company, Greenstone Resources Corporation, subsequently received clearance to proceed with the construction and operation of a new tailings storage facility for the Siana mine. Due to the present lack of available tailings storage capacity, no JORC 2012 Ore Reserve estimate is reported for the Siana open pit as at 30 June 2021. The Siana Underground Ore Reserve is not impacted by the lack 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.

SIANA JORC 2012 OPEN PIT MINERAL RESOURCE AND ORE RESERVE AS AT 30 JUNE 2021

Siana Open Pit Mineral Resource as at 30 June 2021

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2021 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 were no changes to the Siana Open Pit Mineral Resource as reported at 30 June 2020.

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 2021

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2021 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 2021 for the Siana project, pending construction of a new TSF.

There were no changes to the Siana Open Pit Reserve as reported at 30 June 2020.

SIANA JORC 2012 UNDERGROUND MINERAL RESOURCE AND ORE RESERVE AS AT 30 JUNE 2021

Siana Underground Mineral Resource as at 30 June 2021

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2021 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 were no changes to the Siana Underground Mineral Resources as reported at 30 June 2020.

Siana Underground Ore Reserve as at 30 June 2021

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2021 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 were no changes to the Siana Underground Ore Reserve as reported at 30 June 2020.

MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

MAPAWA JORC 2012 OPEN PIT MINERAL RESOURCE

Mapawa JORC 2012 Resource as at 30 June 2021

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2021 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 were no changes to the Mapawa Open Pit Mineral Resources as reported at 30 June 2020.

COMPETENT PERSON'S STATEMENT FOR JORC 2012 RESOURCES AND RESERVES

Mineral Resource

Mr Byron Dumbleton confirms that he is the Competent Person for the Mineral Resources summarised in this report and Mr Dumbleton 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 Dumbleton 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 Dumbleton is a Member of the Australian Institute of Geoscientists, No. 1598. Mr Dumbleton is a full time employee of Red 5. Mr Dumbleton 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 Dumbleton 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 for Darlot gold operation

Mr Kevin Osborne confirms that he is the Competent Person for the underground Ore Reserve estimates summarised in this report and Mr Osborne 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 Osborne 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 Osborne is a Member of the Australasian

Institute of Mining and Metallurgy, No. 226591. Mr Osborne is a full time employee of Osborne Engineering Services Pty Ltd. Mr Osborne 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 Osborne 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.

Ore Reserve for Great Western gold operation

Mr Ashutosh Srivastava confirms that he is the Competent Person for the open pit Ore Reserve estimates summarised in this report and Mr Srivastava 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 Srivastava 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 Srivastava is a Fellow of the Australasian Institute of Mining and Metallurgy, No. 312413. Mr Srivastava is a full time employee of Red 5. Mr Srivastava 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 Srivastava 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.

Ore Reserve for KOTH open pits and underground

For Competent Person statements refer to ASX release dated 15 September 2020, titled KOTH Final Feasibility Study delivers 2.4Moz Ore Reserve, underpinning an initial 16-year mine life and confirming a clear pathway to production in 2022.

Ore Reserve for Siana gold operations

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.

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

MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

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. Figures take into account mining depletion as at 30 June 2021. Figures also include ROM and Broken stocks for Darlot, Great Western and KOTH operations as at 30 June 2021.

Notes on Darlot JORC 2012 Mineral Resources and Ore Reserves

1. The information reported that relates to the Mineral Resources and Ore Reserves for the Darlot Underground deposit relates to updates since the ASX release dated 10 February 2020, titled Resource and Reserve growth to support long-term Mining Hub Strategy at Darlot Gold Mine.
2. For the information reported for Great Western resource and reserve figures refer to Red 5 ASX release dated 15 October 2020, titled Updated Mineral Resource and maiden Ore Reserve for Great Western gold deposit, figures quoted are post 30 June 2020.
3. The updates to the Underground Reserves are based on a gold price of A\$2,150/oz.
4. Underground reserves have planned dilution varying between 10 to 20% with planned mining recovery of 90 to 95%.
5. Figures quoted for ROM stockpile for resources as at 30 June 2021 include 20.2kt @ 0.4g/t for 0.3koz of subgrade stocks and historic heap leach material. Neither stockpiles are quoted as reserves.

Notes on KOTH JORC 2012 Mineral Resources and Ore Reserves

Mineral Resources:

1. The information that relates to KOTH resource refer to ASX release dated 21 July 2021, titled Increased Underground Resource at King of the Hills, with drilling to recommence in August 2021.
2. The information that relates to Rainbow and Severn resource refer to ASX release dated 1 May 2019 titled Maiden JORC open pit Resources defined for near-mine regional deposits at King of the Hills.
3. The information that relates to Centauri and Cerebus-Eclipse resource refer to ASX release dated 1 May 2019 titled Maiden JORC open pit Resources defined for near-mine regional deposits at King of the Hills.

Ore Reserves:

1. The information that relates to KOTH and Rainbow open pit and KOTH underground reserves refer to ASX release dated 15 September 2020, titled KOTH Final Feasibility Study delivers 2.4Moz Ore Reserve, underpinning an initial 16-year mine life and confirming a clear pathway to production in 2022.

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

Notes on Mission and Cable gold deposits

1. The information that relates to the JORC 2004 Cable and Mission resources refer to ASX releases Option Agreement signed to purchase Cable and Mission gold deposits, dated 2 December 2019, and Red 5 exercises option to complete acquisition of the Cable and Mission gold deposits, dated 22 May 2020.

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

1. Mineral Resources at the Siana open pit is extracted from the report titled Siana Gold Project – Open Pit Mining Review and Reserve Update, dated 24 September 2015.
2. 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 2021.

Notes on Siana Underground JORC 2012 Mineral Resources and Ore Reserves

1. The information that relates to Mineral Resources for the Siana Underground is extracted from the report titled Siana Underground Mineral Resource dated 23 February 2016.
2. The information that relates to Ore Reserves at the Siana Underground is extracted from the report titled Siana Gold Project: Underground Mine Approved for Development Following Completion of Positive Updated Feasibility Study dated 14 June 2016.

Notes on Mapawa JORC 2012 Mineral Resources

1. The information that relates to the Mineral Resources at the Mapawa Project is extracted from the report titled Maiden 289,000oz Gold Resource for Mapawa LSY Deposit, dated 21 October 2015.

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).

TENEMENT SCHEDULE 20 September 2021

WESTERN AUSTRALIA

Project	Tenement number	Red 5 interest
Darlot Gold Mine	E36/0865, E36/0940, E36/0941, E36/0944, E36/0945, E36/0964, E36/0968, E36/0969, E36/0980, E36/0997, E36/0999, E36/1002, E37/1054, E37/1086, E37/1194, E37/1195, E37/1210, E37/1247, E37/1253, E37/1268, E37/1269, E37/1296, E37/1297, E37/1298, E37/1319, E37/1321, E37/1322, E37/1350, E37/1352, E37/1369, E37/1378, E37/1393, E37/1395, E37/1398, E37/1400, E37/1413, G37/0037, L37/0109, L37/0110, L37/0118, L37/0206, L37/0207, L37/0223, L37/0224, L37/0230, L37/0231, L37/0237, M37/0054, M37/0155, M37/0252, M37/0373, M37/0417, M37/0418, M37/0419, M37/0420, M37/0503, M37/0584, M37/0592, M37/0608, M37/0667, M37/0774, M37/0775, M37/1217, P36/1879, P36/1883, P36/1884, P36/1889, P37/8431, P37/8432, P37/8587, P37/8698, P37/8699, P37/8700, P37/8701, P37/8716, P37/8788, P37/8789, P37/9210, P37/9345	100%
	E36/1013, E37/1415, E37/1428, E37/1440, L37/0238, P36/1920, P36/1921	100% (Applications pending)
	E37/1220	Right to explore and mine Sub-Lease Area
	E37/1271, E37/1272, E37/1273, E37/1274, E39/1706, E39/1854, E39/1985	Farm-in agreement to earn up to 80%
	M37/0552, M37/0631, M37/0709, M37/1045	49%
	M37/0246, M37/0265, M37/0320, M37/0343, M37/0345, M37/0393, M37/0776	84%
M37/0421, M37/0632	100% with a portion of tenements at 49% via agreement	
King of the Hills Gold Mine	E37/1385, E37/1409, E37/1410, L37/0211, L37/0248, 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, P37/9157, P37/9160, P37/9161, P37/9270, P37/9271, P37/9281, P37/9282, P37/9283, P37/9284, P37/9286, P37/9287, P37/9289, P37/9291, P37/9392, P37/9393, P37/9394, P37/9395, P37/9396, P37/9397, P37/9398, P37/9399, P37/9400, P37/9401, P37/9402, P37/9403, P37/9404, P37/9405, P37/9406, P37/9407, P37/9408, P37/9409, P37/9410, P37/9491, P37/9492	100%
	P37/9285, P37/9288, P37/9290, P37/9292, P37/9293, P37/9294, P37/9295	100% (Applications pending)
Montague Project	M57/0429, M57/0485, E57/0793	25% free carried

Abbreviations

M: Mining Lease

P: Prospecting Licence

E: Exploration Licence

L: Miscellaneous Licence

The Group divested its interests in the Siana gold project and the Mapawa gold project located in the Philippines, subsequent to the end of the financial year.

DIRECTORS' REPORT

The Directors of Red 5 Limited ("Red 5" or "parent entity") submit their report on the results and state of affairs of Red 5 and its subsidiaries ("the Group" or the "consolidated entity") for the year ended 30 June 2021.

1. DIRECTORS AND COMPANY SECRETARY

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
 Andrea Jane Sutton (*appointed 18 November 2020*)

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

1.1. INFORMATION ON DIRECTORS

Kevin Dundo	Non-Executive Chairman
Appointment date	Non-Executive Director since March 2010 and Non-Executive Chairman since November 2013
Special responsibilities	Member of the Remuneration and Nomination Committee; Member of the Audit Committee; and Member of the Health, Safety, Environment and Community (HSEC) Committee.
Qualifications	B.Com, LLB, FCPA
Experience	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.
Other listed company directorships	Director of Imdex Limited (since January 2004); Avenira Limited (since October 2019); and Cash Converters International Limited (February 2015 to November 2020).

Mark Williams	Executive Director
Appointment date	Non-Executive Director from January 2014 and Managing Director since April 2014
Special responsibilities	Managing Director
Qualifications	Dip CSM Mining, GAICD
Experience	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.
Other listed company directorships	Mr Williams has not held directorships in any other listed companies in the past 3 years.

Ian Macpherson	Non-Executive Director
Appointment date	April 2014
Special responsibilities	Chairman of the Audit Committee; Member of the Remuneration and Nomination Committee; and Member of the Risk and Environment Committee.
Qualifications	B.Comm, CA
Experience	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.
Other listed company directorships	Director of RBR Group Ltd (since October 2010).

DIRECTORS' REPORT (cont.)

1. DIRECTORS AND COMPANY SECRETARY (cont.)

Colin Loosemore	Non-Executive Director
Appointment date	December 2014
Special responsibilities	Chairman of the Health, Safety, Environment and Community (HSEC) Committee; and Member of the Audit Committee.
Qualifications	B.Sc.Hons., M.Sc., DIC., FAusIMM
Experience	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.
Other listed company directorships	Mr Loosemore has not held directorships in any other listed companies in the last 3 years.

Steven Tombs	Non-Executive Director
Appointment date	August 2018
Special responsibilities	Chairman of the Remuneration and Nomination Committee; and Member of the Risk and Environment Committee.
Qualifications	B.Sc.Hons, FAusIMM
Experience	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 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.
Other listed company directorships	Mr Tombs has not held directorships in any other public companies in the last 3 years.

Andrea Sutton	Non-Executive Director
Appointment date	November 2020
Special responsibilities	Chairman of the Risk and Environment Committee; and Member of the Health, Safety and Community Committee.
Qualifications	B.Eng Chemical (Hons), GradDipEcon, GAICD
Experience	Ms Sutton is a qualified chemical engineer and has over 25 years' experience with Rio Tinto and ERA. Between 2013 and 2017, Ms Sutton was Chief Executive and Managing Director of ERA, then a Non-Executive Director from 2018 to 2020. Ms Sutton had extensive executive and operational leadership roles across Rio Tinto. This experience included Head of Health, Environment, Safety and Security; General Manager Operations at the Bengalla Mine and General Manager of Infrastructure, Iron Ore.
Other listed company directorships	Ms Sutton is a non-executive director of DDH1 Holdings Pty Ltd (since February 2021); Iluka Resources Limited (since March 2021); and Energy Resources of Australia Ltd (October 2018 to May 2020).

1.2. INFORMATION ON COMPANY SECRETARY

Frank Campagna	Company Secretary
Appointment date	June 2002
Qualifications	B.Bus (Acc), CPA
Experience	Mr Campagna is a Certified Practising 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.

DIRECTORS' REPORT (cont.)

1. DIRECTORS AND COMPANY SECRETARY (cont.)

1.3 DETAILS OF DIRECTORS' INTERESTS IN THE SECURITIES OF RED 5 AS AT THE DATE OF THIS REPORT ARE AS FOLLOWS:

Director	Fully paid shares	Performance rights	Service rights	Deferred rights
Kevin Dundo	1,905,249	-	-	-
Mark Williams	14,439,852	3,556,158	-	-
Ian Macpherson	1,362,054	-	-	-
Colin Loosemore	10,108,190	-	-	-
Steven Tombs	2,719,579	-	-	-
Andrea Sutton	-	-	-	-

1.4. DIRECTOR'S MEETINGS

The number of meetings of the Board of Directors of Red 5 and of each Board committee held during the year ended 30 June 2021 and the number of meetings attended by each Director whilst in office are as follows:

Director	Board meetings		Audit Committee		Remuneration and Nomination Committee		HSEC Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Kevin Dundo	23	23	2	2	4	4	2	2
Mark Williams	23	23	-	-	-	-	-	-
Ian Macpherson	23	22	2	2	4	3	-	-
Colin Loosemore	23	23	2	2	-	-	2	2
Steven Tombs	23	23	-	-	4	4	-	-
Andrea Sutton	17	15	-	-	-	-	1	1

1.5. CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Red 5 is in compliance with those guidelines to the extent reasonable in respect of the Company's circumstances, which are of importance or relevant to the commercial operation of developing listed resources companies.

2. PRINCIPAL ACTIVITIES

The principal activities of Red 5 and the consolidated entity (which includes associated entities of Red 5) during the financial period were gold mining and mineral exploration.

3. RESULTS OF OPERATIONS

A net loss of the consolidated entity after income tax for the year ended 30 June 2021 was \$43,245,000 (30 June 2020: profit of \$4,544,000). The current year results include an underlying EBITDA^(a) of \$11,635,000 (2020: \$53,978,000).

	30 June 2021	30 June 2020
	\$'000	\$'000
Sales revenue	173,358	200,332
Cost of sales (excluding depreciation)	(147,848)	(128,992)
Other income	692	1,498
Administration and other expenses (excluding depreciation)	(9,281)	(9,287)
Care and maintenance (excluding depreciation)	(2,069)	(4,875)
Exploration expenditure	(3,217)	(4,698)
Underlying EBITDA	11,635	53,978

(a) Underlying earnings before interest, taxes, depreciation and amortisation (EBITDA) is an unaudited non-IFRS measure and is a common measure used to assess profitability before the impact of different financing methods, income taxes, depreciation of property, plant and equipment and amortisation of intangible assets, fair value movements and ineffective cashflow hedges.

DIRECTORS' REPORT (cont.)

3. RESULTS OF OPERATIONS (cont.)

The underlying EBITDA reconciles to the profit before tax as follows:

	30 June 2021	30 June 2020
	\$'000	\$'000
Underlying EBITDA	11,635	53,978
Financing income	347	336
Financing expenses	(1,345)	(2,381)
Ineffective portion of cashflow hedges	(1,410)	(6,810)
Fair value loss on financial liabilities	-	(967)
Depreciation and amortisation	(23,493)	(32,984)
(Loss)/profit from continuing operations before income tax expense	(14,266)	11,172

3.1 Operating Review

During the year, Red 5 delivered steady-state gold production from its Eastern Goldfields gold operations, generating positive free cashflows at the Darlot and King of the Hills gold mines. In February 2021 the King of the Hills gold mine was put into care and maintenance until completion of the construction of the new processing plant at King of the Hills.

Covid-19 response

The Company will continue to enforce travel restrictions, testing, quarantine, and trace and isolate regimes to ensure the health and well-being of our people and keep our sites operating.

Red 5 continues to proactively manage the potential impact of the COVID-19 global pandemic on the Company's operations. The Management Response Plan implemented in February 2020 is focused on ensuring the health and safety of Red 5 personnel and limiting the disruption risk to mining and processing operations. This plan has been progressively developed in line with the formal guidance of State and Federal health authorities, close coordination with the Australian Resources and Energy Group (AMMA) and under the Company's existing Emergency Management Policies.

The ongoing focus to protect the health and safety of our employees and other stakeholders through the COVID-19 pandemic has pleasingly resulted in no cases identified at Darlot and King of the Hills operations to this point and there has been no material impact from COVID-19 on the Company's operational performance.

Darlot and King of the Hills gold operations

A total of 76,104 ounces of gold was recovered for the 12 months to 30 June 2021 with ore sourced from the Darlot Gold Mine, Great Western and from King of the Hills (KOTH) operation.

A summary of key production statistics for the year ended 30 June 2021 and 30 June 2020 is provided below:

	Units	Year ended	
		30 June 2021	30 June 2020
Mined tonnes	t	931,002	1,142,101
Mined grade	g/t	2.57	3.01
Tonnes milled	t	984,220	943,861
Average head grade	g/t	2.63	3.30
Recovery	%	91.5	92.6
Gold recovered	oz	76,104	92,779
Gold operational sales	oz	75,907	92,953

Siana Gold Project, Philippines

During the year, the Group was in advanced negotiations with interested parties to divest its interests in Philippine affiliated company, Greenstone Resources Corporation (GRC). As at 30 June 2021, the assets of Siana were classified as held for sale, hence all assets and liabilities were reclassified from non-current to current, and profit or loss is now presented under discontinued operations.

The Red 5 Group entered into a binding agreement in July 2021 with TVI Resource Development (Phils) Inc to divest its interests in Greenstone Resources Corporation (GRC), which holds the Siana Gold Project and the Mapawa Gold Project in the Philippines. Mining operations at the Siana gold project remained suspended during the period. Ongoing activities at Siana include dewatering of the open pit, infrastructure maintenance and monitoring of geotechnical issues.

Summary of the binding offer:

- ▲ US\$19 million cash payable upon completion; and
- ▲ Net Smelter Return royalty of 3.25% payable for up to 619,000 ounces of gold, with an estimated future face value of US\$36 million (based on a US\$1,800/oz gold price); As per the accounting standards, the royalty represents a variable consideration and is treated as a contingent asset pending re-commencement of production at Siana, hence royalty accounting value is not recorded as at 30 June 2021.

Considering that the Siana net proceeds from sale are lower than the carrying value of its assets, an impairment of discontinued operations of \$26.568 million was recorded as at 30 June 2021.

Exploration and resource development

Consolidation of the Group's Mineral Resources and Ore Reserves across the operations remains a strong focus for Red 5. During the year, no regional drilling activities were conducted. Turnaround times for assay results remain very slow due to the current industry backlog. There are approximately 5,300 gold samples and approximately 400 multi-element samples outstanding for FY21, which cover projects from the King of the West, Darlot East and Darlot West E37/1054 air-core programs, as well as resource definition and diamond drill holes from the Mission and Cable Project areas.

DIRECTORS' REPORT (cont.)

3. RESULTS OF OPERATIONS (cont.)

3.1 Operating Review (cont.)

The Mission and Cable satellite gold deposits are located approximately 10km north of the Darlot Gold Mine, along strike from the Taranaki Shear within the Yandal Greenstone Belt. Primary gold mineralisation at both prospects is predominantly associated with medium to high-grade quartz vein sets hosted within dolerite units, similar to the nearby Centenary orebody at the Darlot mining operations. Due to the narrow ore zones associated with the Mission and Cable deposits, a staged and decision-based in-fill drilling approach has been adopted to delineate the Mineral Resources. Phase 1, 20m x 40m RC in-fill drilling completed in the December 2020 Quarter at Mission has confirmed the continuity of north-trending, steeply west-dipping quartz vein sets along the known 500m strike extent of mineralisation.

Feasibility studies – King of the Hills project

The Final Feasibility Study (FFS) for the stand-alone integrated bulk open pit and underground mining and processing operation at KOTH was a key focus for Red 5 throughout FY20 and was completed in September 2020.

Process plant construction

The Company continues to make significant progress with the development of its King of the Hills (KOTH) Gold Project in Western Australia, which has now passed the 50% project completion milestone. The KOTH Project is progressing on schedule for first gold in the June 2022 quarter and remains within budget, with key construction progress milestones.

Corporate

During the year, the company completed a funding package of \$235 million to support the construction and development of King of the Hills, comprising equity raising and debt facilities. The equity raising included a fully underwritten \$60 million, 4-for-21 accelerated non-renounceable entitlement offer to all shareholder. The debt facility of \$175 million was provided from a syndicate comprising BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited. Conditions precedent for the facility were achieved on 30 June 2021.

Ms Andrea Sutton was appointed as an Independent Non-Executive Director of the Company on 18 November 2020.

During the year ended 30 June 2021, Red 5's Australian Stock Exchange classification changed from a "Mining Exploration Entity" to a "Mining Producing Entity".

3.2 FINANCIAL REVIEW

Gold sales

Gold and silver sales for the reporting period totalled \$173,358,000 (2020: \$200,332,000).

Income statement

The Group recorded a net loss after tax for the year ended 30 June 2021 of \$43,245,000 in comparison to a net profit after tax for the year ended 30 June 2020 of \$4,544,000.

Darlot and King of the Hills recorded a gross profit for the period of \$2,308,000 (30 June 2020: \$39,226,000). A combined 75,907 ounces of gold were sold during the year, which together with silver sales and hedging adjustments resulted in total revenue of \$173,358,000. Cost of sales for the period of \$171,050,000 comprised production costs, royalties, movement in stockpiles and depreciation charge.

The Group's net loss was mainly driven by the impairment of the available for sale Siana operation. In addition, administrative expenses, exploration expenditure, ineffective portion of cashflow hedges, Siana project expenses were paid.

Balance sheet

Total assets increased from \$343,395,000 to \$345,485,000 at 30 June 2021. The net increase in total assets was mainly driven by the \$60,000,000 equity raising for the construction of the King of the Hills processing plant. This was partly offset by repayments of loans and operating costs.

Total liabilities were \$114,609,000, a decrease of \$32,737,000 from 30 June 2020. This was mainly driven by the close out of gold hedges held during the year and the full repayment of the working capital facility with Macquarie Bank Limited; this was offset by an increase in provision for rehabilitation at King of the Hills as a result of the expansion in land disturbance for construction site areas.

Cash flow

During the year, cash and cash equivalents decreased by \$98,805,000.

Free Cash inflows from operating activities for the period were \$14,555,000. Cash receipts from customers of \$174,677,000 reflect the sale of gold and silver which benefited from higher gold prices during the year. This was offset by cash outflows of \$160,122,000, driven by the Great Western development cost and ramp up to full production and higher operational costs.

Net cash outflows used in investing activities for the period were \$138,437,000, reflecting the King of the Hills processing plant ongoing construction, bank guarantees for the gas transport agreement and tailing storage facility required for the KOTH project and sustaining capital for the Darlot operations.

The net cash from financing activities of \$25,918,000 reflects the net proceeds received from the retail and institutional components of the \$60,000,000 Entitlement Offer undertaken during the year, this was offset by the repayment of the Macquarie Bank working capital facility (\$12,000,000), the closure of outstanding hedges (\$4,774,000); the transfers to restricted cash and reserve project accounts (\$7,500,000) required by the King of the Hills debt funding package and repayments of lease liabilities (\$7,393,000).

DIRECTORS' REPORT (cont.)

4. DIVIDENDS

No amounts were paid by way of dividend since the end of the previous financial year (2020: Nil). At the time of this report the Directors do not recommend the payment of a dividend.

5. 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.

6. PERFORMANCE RIGHTS

At the date of this report, there were 18,387,760 performance rights convertible into ordinary fully paid shares.

	Number
Vesting date: 30 June 2022 (subject to performance conditions)	10,442,031
Vesting date: 30 June 2023 (subject to performance conditions)	7,945,729
	18,387,760

In September 2020 a total of 10,991,282 performance rights (Performance Rights) that were issued to key management personnel, senior management and operating personnel in 2019 were vested following the partial achievement of performance conditions (being Total Shareholder Return outperformance against the All Ordinaries Gold Index and increases in ore reserves) measured over the three years ended 30 June 2021. Upon vesting, 10,991,282 Performance Rights have been exercised into an equivalent number of ordinary fully paid shares in accordance with the terms of the Plan. The balance of 7,327,519 Performance Rights were forfeited due to performance conditions (being operating costs performance against budget and safety compliance) not being met.

7. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Director's and Officer' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs 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 Group. During the financial year, Red 5 paid premiums of \$318,825 (2020: \$238,068).

8. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Sale of Siana gold mine (Philippines)

In July 2021 the Group entered into a binding agreement with TVI Resource Development (Phils.) Inc. (TVIRD) to divest its interests in Philippine affiliated company Greenstone Resources Corporation (GRC), which holds both the Siana Gold Project (Siana) and the Mapawa Gold Project. TVIRD is the Philippine affiliate of the Canadian-listed TVI Pacific Inc.

TVIRD will become the 100% owner of GRC and therefore the divestment includes the process plant and all other infrastructure at Siana. A royalty of 3.25% payable for up to 619,000 ounces of gold will be payable to the Red 5 Group from first gold from the restart of the Siana processing plant.

Upon completion of all closing conditions of the agreement, which include certain Philippine regulatory approvals expected to be satisfied during the September 2021 quarter, the Group will receive gross proceeds of US\$19 million through the repayment of outstanding shareholder advances due from its Philippine-affiliated company, Red 5 Asia Inc, which is a shareholder of GRC.

The divestment of its interests in Siana is consistent with Red 5's strategy to focus on its King of the Hills and Darlot gold mines in Western Australia, with the aim of becoming a substantial mid-tier Australian gold producer.

Project finance facility for the KOTH Project

Financial close was achieved for the \$175 million Project Finance Facility for the KOTH Project on 30 June 2021. Subsequent to year end, the first draw-downs were completed totalling \$28.712 million.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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.

DIRECTORS' REPORT (cont.)

10. 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 2021.

11. REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2021 outlines the remuneration arrangements in place for Directors and Executives of Red 5 in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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.

The report contains the following sections:

- 11.1 Key Management Personnel covered by this Remuneration Report
- 11.2 Remuneration Governance
- 11.3 Services from Remuneration Consultants
- 11.4 Principles of Remuneration
- 11.5 Executive Remuneration Framework
- 11.6 Group Performance
- 11.7 Key Management Personnel Service Agreements
- 11.8 Details of Remuneration
- 11.9 Additional Disclosures Relating to Options, Performance Rights and Shares

11.1 Key Management Personnel covered by this Remuneration Report

The following were KMPs of the Group at any time during the year ended 30 June 2021 and 30 June 2020 and unless otherwise indicated, KMPs for the entire period:

Non – Executive Directors

Kevin Dundo
Ian Macpherson
Colin Loosemore
Steven Tombs
Andrea Sutton^(a)

Executive Directors

Mark Williams – Managing Director

Executives

Jason Greive^(b) - Chief Operating Officer
John Tasovac - Chief Financial Officer
Brendon Shadlow^(c) - General Manager Operations

(a) Andrea Sutton was appointed as a Non-Executive Director effective on 18 November 2020.

(b) Jason Greive was appointed Chief Operating Officer on 30 November 2020.

(c) Brendon Shadlow was KMP until 30 November 2020. General Manager is no longer categorised as a KMP position upon appointment of the Chief Operating Officer role.

There were no other changes to KMPs after the reporting date and before the date of the financial report.

11.2 REMUNERATION GOVERNANCE

The Remuneration and Nomination Committee (the Committee) of the Board of Directors (the Board) is responsible for determining the remuneration arrangements for KMPs and making recommendations to the Board. The Committee is comprised of three Non-Executive Directors with an independent Chairman.

The Committee reviews remuneration levels and other terms of employment on a periodic basis having regard to relevant employment market conditions, strategy of the Group, qualifications and experience of the KMPs and performance against targets set for each year.

The Committee also advises on the appropriateness of remuneration packages of the Group given trends in comparative peer companies both locally and internationally, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions. Within this framework, the 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.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.3 SERVICES FROM REMUNERATION CONSULTANTS

Services from Remuneration Consultants were not utilised in respect of the 2021 financial year.

11.4 PRINCIPLES OF 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 within the range of P62.5 and P75, which represents the 62.5th and 75th percentiles of the relevant market data;
- ▲ 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.

11.5 EXECUTIVE REMUNERATION FRAMEWORK

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:

- ▲ Fixed remuneration;
- ▲ 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 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.

11.5.1 Fixed Remuneration

Fixed remuneration comprises director's fees, consulting fees, salaries, and superannuation contributions.

11.5.2 Short-term incentives linked to annual planning and longer-term objectives

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.

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, in terms of gold production, operating costs, group EBITDA, health and safety targets and specific operations-related milestones including project development milestones for the King of the Hills project. 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 production or 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 and executives is generally 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). Service rights are subject to a 12-month service test. 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.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.5.3 Long-term incentives through participation in performance-based equity plans

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 are granted with a measurement period of three years with vesting conditions comprising Total Shareholder Return (TSR) outperformance against the All Ordinaries Gold Index and agreed operational measures including growth in ore reserves, operating costs performance against budget, safety performance and strategic targets. The TSR measure is subject to a positive TSR gate and all measures are also subject to a production or financial gate. The Group's TSR is measured as a percentile ranking compared to the S&P/ASX All Ordinaries Gold Index.

Share-based compensation

The Board has adopted the Red 5 Rights Plan. The primary purpose of this plan is 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 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.

11.6 GROUP PERFORMANCE

The following table summarises key measures of Group performance for FY21 and the previous four financial years

	2021	2020	2019	2018	2017
ASX Share price at year end	\$0.19	\$0.20	\$0.18	\$0.08	\$0.03
Profit/(loss) after income tax attributable to owners of the company for continuing operations (\$'000)	(9,478)	4,544	(3,030)	(11,928)	(110,203)
Profit/(loss) after income tax attributable to owners of the company (\$'000)	(43,245)	4,544	(3,030)	(11,928)	(110,203)
Dividends paid (\$'000)	-	-	-	-	-
Underlying EBITDA ^(a) (\$'000)	11,635	53,978	29,890	297	14,167

(a) Underlying EBITDA is a non-IFRS measure which is unaudited.

11.6.1 STI performance pay outcome

The short term incentive bonus component of remuneration is based on achievement of group and specific role related operational targets for the year ended 30 June 2021 including achievement of core EBITDA targets, achievement of milestones on the development schedule for the King of the Hills project, the achievement of gold production and all-in-sustaining cost targets for the financial year and individual effectiveness. A gate of 90% of budgeted gold production level applies to all KPIs.

The production gate for the year ended 30 June 2021 was not achieved and therefore no bonus was awarded for the financial year. The Committee however, elected to award Mr Greive, who had commenced employment as Chief Operating Officer during the financial year, a short-term incentive entitlement based on the Company's revised production guidance published in January 2021. The Committee elected to make the award as 50% payable in cash and 50% payable in deferred rights.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

Based on these results the Board has awarded an STI to eligible KMPs as follows:

Executive KMP STI Awards for 2021

	Cash Bonus	Deferred Rights ^(a)	Service Rights ^(b)
	\$	\$	\$
Mark Williams	-	-	-
Jason Greive	75,000	75,000	-
John Tasovac	-	-	-

(a) Deferred rights vest immediately and are subject to a 24-month disposal restriction following the end of the measurement period. See valuation of rights on section 11.9.4.

(b) Service rights, if awarded, are subject to a 12-month service test following the end of the measurement period. See valuation of rights on section 11.9.4.

11.6.2 LTI performance pay outcome

In accordance with the terms of the Red 5 Performance Rights Plan (PR Plan), a total of 5,636,475 performance rights that were issued to key management personnel in 2019 reached the end of their performance period. As at the date of this report 3,945,532 Performance Rights have vested following the partial achievement of performance conditions (being Total Shareholder Return outperformance against the All Ordinaries Gold Index and increases in ore reserves) measured over the three years ended 30 June 2021. The Board made a vesting determination based on the achievement of performance conditions over the measurement period and also taking into account, amongst other factors considered relevant, Company performance from the perspective of shareholders over the measurement period.

The balance of 1,690,943 Performance Rights were forfeited due to performance conditions not being met (being operating costs performance against budget and safety compliance).

Based on the above, the following was the LTI awarded to KMPs.

Executive KMP LTI Awards for 2021 Series

2021	Maximum number of performance rights	Number awarded in the year	% of maximum potential LTI achieved	% of LTI not achieved in the year
Mark Williams	4,020,808	2,814,565	70	30
Jason Greive ^(a)	Not eligible	Not eligible	Not eligible	Not eligible
John Tasovac	1,615,667	1,130,967	70	30
Total	5,636,475	3,945,532	70%	30%

(a) Jason Greive was appointed Chief Operating Officer on 30 November 2020.

Details of LTI performance rights issued during the year are shown at section 11.9.4.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.7 KEY MANAGEMENT PERSONNEL SERVICE AGREEMENTS

11.7.1 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 \$650,000 per annum. The Remuneration and Nomination Committee recommend 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 \$135,000 per annum plus superannuation;
- ▲ Non-Executive Directors receive \$100,000 per annum plus superannuation;
- ▲ Chairs of Board committees receive:
 - ▲ \$15,000 per annum plus superannuation for the audit committee, and
 - ▲ \$10,000 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 may seek annual shareholder approval 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 \$318,825 (2020: \$238,068) 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.

11.7.2 Executive Directors – Managing Director

Mark Williams	Fixed remuneration for the year and statutory superannuation: \$643,200
----------------------	--

Mr Williams' agreement is for an indefinite period.

Mr William's total remuneration was increased to \$643,200 effective 1 July 2020 as recommended by the Remuneration and Nomination Committee and adopted by the Board of Directors. In addition to his cash remuneration Mr Williams is entitled to:

- ▲ 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 are 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.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.7.3 Executives

Jason Greive	Fixed remuneration for the year and statutory superannuation: \$492,750
---------------------	--

Mr Greive's agreement is for an indefinite period.

Mr Greive's total annual remuneration was \$290,832 (from date of appointment of 30 November 2020 to 30 June 2021) as recommended by the Remuneration and Nomination Committee and adopted by the Board of Directors. In addition to his cash remuneration Mr Greive is entitled to:

- ▲ 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 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 and by Mr Greive giving 3 months' notice.

John Tasovac	Fixed remuneration for the year and statutory superannuation: \$415,388
---------------------	--

Mr Tasovac's agreement is for an indefinite period.

Mr Tasovac's total remuneration was increased to \$415,388 effective 1 July 2020 as recommended by the Remuneration and Nomination Committee and adopted by the Board of Directors. In addition to his cash remuneration Mr Tasovac is entitled to:

- ▲ 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 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 and by Mr Tasovac giving 3 months' notice.

Brendon Shadlow	Fixed remuneration for the year and statutory superannuation: \$385,798 (Mr Shadlow ceased to be a KMP on 30 November 2020)
------------------------	--

Mr Shadlow's agreement is for an indefinite period.

Mr Shadlow's annual remuneration was increased to \$385,798 effective 1 July 2020 as recommended by the Remuneration and Nomination Committee and adopted by the Board of Directors. In addition to his cash remuneration Mr Shadlow is entitled to:

- ▲ 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 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) Mr Shadlow is entitled to three months' notice or payment in lieu of notice. Mr Shadlow may terminate the agreement by giving three months' notice.

11.7.4 Transactions with Key Management Personnel and their related parties

The Non-Executive Directors Mr Kevin Dundo, Mr Ian Macpherson and Ms Andrea Sutton invoice through their private companies for Directors fees. They are not separate entities that provide consulting services to the Company. The Non-Executive Directors Mr Colin Loosemore and Mr Steven Tombs are paid Directors fees through the Company's payroll. Mr Dundo, Mr Macpherson, Mr Loosemore, Mr Tombs and Ms Sutton meet the definition and maintain their status as Independent Non-Executive Directors, thus retain objectivity and their ability to meet their oversight role.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.8 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 2021.

2021

Name	Short term							Long term			Total
	Salaries or directors' fees	Expenses/ Allowances	Cash Bonus	Deferred rights (e)	Service rights (f)	Consulting fees	Superannuation	Annual and long service leave	Performance rights expense (g)	Performance rights forfeited (h)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Director											
Mark Williams	618,200 ^(a)	-	-	-	-	-	25,000	62,743	326,378	(57,900)	974,421
Non-Executive Directors											
Kevin Dundo	135,000	-	-	-	-	-	12,825	-	-	-	147,825
Ian Macpherson	115,000	-	-	-	-	-	10,925	-	-	-	125,925
Colin Loosemore	110,000	-	-	-	-	-	10,450	-	-	-	120,450
Steven Tombs	110,000	-	-	-	-	-	10,450	-	-	-	120,450
Andrea Sutton ^(b)	61,370	-	-	-	-	-	5,830	-	-	-	67,200
Executives											
Jason Greive ^(c)	264,286	-	75,000	75,000	-	-	26,546	20,330	24,288	-	485,450
John Tasovac	390,388 ^(a)	-	-	617	26,744	-	25,000	17,245	132,669	(27,628)	565,035
Brendon Shadlow ^(d)	144,583	1,500	-	483	8,729	-	16,166	18,609	50,600	-	240,670
Total	1,948,827	1,500	75,000	76,100	35,473	-	143,192	118,927	533,935	(85,528)	2,847,426

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

(b) Andrea Sutton was appointed as a Non-Executive Director effective on 18 November 2020.

(c) Jason Greive was appointed Chief Operating Officer on 30 November 2020.

(d) Brendon Shadlow was KMP until 30 November 2020. General Manager is no longer categorised as a KMP position upon appointment of the Chief Operating Officer role.

(e) Includes deferred rights to be granted to Mr Greive for FY2021, which will vest immediately and have provisionally been valued at \$0.18 (14-day VWAP of Red 5 share price as at 30 June 2021).

(f) Includes service rights granted during FY2020 subject to a 12-month service test, they have been valued at \$0.26 (Red 5 share price as at 18 November 2020). No service rights were granted during FY2021.

(g) Relates to performance rights expense for the 2021, 2022 and 2023 series. The fair value at grant date of Tranche A which has 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.

(h) Performance Rights that were issued to key management personnel, senior management and operating personnel in 2019 have been partially forfeited following the partial achievement of performance conditions measured over the three years ended 30 June 2021 (See section 11.6.2).

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.8 DETAILS OF REMUNERATION

2020

Name	Short term						Long term				Total
	Salaries or directors' fees	Expenses/ Allowances	Cash Bonus	Deferred rights (b)	Service rights (c)	Consulting fees	Superannuation	Annual and long service leave	Performance rights expense (d)	Performance rights forfeited (e)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Director											
Mark Williams	577,250 ^(a)	-	208,818	47,191	117,978	-	25,000	45,123	303,427	(88,444)	1,236,343
Non-Executive Directors											
Kevin Dundo	120,000	-	-	-	-	-	11,400	-	-	-	131,400
Ian Macpherson	103,750	-	-	-	-	-	9,856	-	-	-	113,606
Colin Loosemore	95,000	-	-	-	-	-	9,025	-	-	-	104,025
Steven Tombs	91,250	-	-	-	-	16,223	10,210	-	-	-	117,683
Executives											
John Tasovac	380,150 ^(a)	-	52,253	48,037	54,775	-	25,000	11,020	137,135	(50,400)	657,970
Brendon Shadlow	340,000	3,600	40,933	40,691	50,562	-	34,000	16,329	118,504	(31,080)	613,539
Total	1,707,400	3,600	302,004	135,919	223,315	16,223	124,491	72,472	559,066	(169,924)	2,974,566

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

(b) Includes deferred rights granted in FY2020 vesting immediately and have provisionally been valued at \$0.20 (Red 5 share price as at 30 June 2020) these rights were re-valued upon shareholders' approval at the Annual General Meeting; and deferred rights granted in FY2019 which were trued up from the provisional price of \$0.18 (Red 5 share price as at 30 June 2019) to the issue price of \$0.30 on 20 November 2019 when approved at the Annual General Meeting.

(c) Includes service rights granted during FY2019 subject to a 12-month service test, they have been valued at \$0.30 (Red 5 share price as at 20 November 2019). Service rights granted during FY2020 are subject to a 12-month service test and have not been recognised at 30 June 2020.

(d) Relates to performance rights expense for the 2020, 2021 and 2022 series.

(e) Performance Rights that were issued to key management personnel, senior management and operating personnel in 2018 have been partially forfeited following the partial achievement of performance conditions measured over the three years ended 30 June 2020 (See section 11.6.2).

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

11.8.1 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	
	2021	2020	2021	2020	2021	2020
Executive Director						
Mark Williams	72%	52%	-	30%	28%	18%
Non-Executive Directors						
Kevin Dundo	100%	100%	-	-	-	-
Ian Macpherson	100%	100%	-	-	-	-
Colin Loosemore	100%	100%	-	-	-	-
Steven Tombs	100%	100%	-	-	-	-
Andrea Sutton	100%	-	-	-	-	-
Executives						
Jason Greive	64%	-	30%	-	6%	-
John Tasovac	70%	63%	4%	24%	26%	13%
Brendon Shadlow	46%	64%	7%	22%	47%	14%

11.9 ADDITIONAL DISCLOSURES RELATING TO OPTIONS, PERFORMANCE RIGHTS AND SHARES

11.9.1 Options granted to key management personnel

No options over ordinary shares were held or 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.

11.9.2 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:

	Balance at previous year reporting date	Received through vesting and exercise of performance rights	Received through vesting and exercise of service and deferred rights	Other purchases during the year	Balance at reporting date
2021					
Kevin Dundo	1,600,409	-	-	304,840	1,905,249
Mark Williams	11,125,287	2,814,565	-	500,000	14,439,852
Ian Macpherson	1,144,124	-	-	217,930	1,362,054
Colin Loosemore	8,490,878	-	-	1,617,312	10,108,190
Steven Tombs	2,284,445	-	-	435,134	2,719,579
Andrea Sutton	-	-	-	-	-
Jason Greive	-	-	-	1,669,048	1,669,048
John Tasovac	2,527,592	1,130,967	102,861	-	3,761,420
Brendon Shadlow	1,225,078	1,028,151	80,577 ^(a)	-	2,333,806 ^(b)
Total	28,397,813	4,973,683	183,438	4,744,264	38,299,198

(a) Service and deferred rights that vested after Mr Shadlow ceased to be a KMP on 30 November 2020.

(b) Represents number of shares held by Mr Shadlow on 30 June 2021, noting that he ceased to be a KMP by reporting date.

DIRECTORS' REPORT (cont.)

11.9.3 Shares issued, Service and Deferred Rights

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised up to reporting date	Outstanding at reporting date
Deferred rights issued and vested: Jason Greive ^(a)	30-Jun-21	30-Jun-21	\$75,000	412,501	-	412,501
Service rights issued and vested: John Tasovac ^(b)	24-Nov-20	30-Jun-21	\$26,744	102,861	-	102,861

- (a) *Deferred Rights for Mr Greive issued under the Red 5 Limited Rights Plan which vest immediately upon issue and are exercised into restricted shares which are subject to disposal restrictions until 30 June 2023. As of reporting date they had not yet been exercised into restricted shares. They have been provisionally valued at \$0.18 (14-day VWAP of Red 5 share price as at 30 June 2021).*
- (b) *Service Rights issued under the Red 5 Limited Rights Plan which vest only if the employee remains employed by the company as at 1 July 2021 (being a period of 1 year after the end of the award measurement period). Mr Tasovac was employed on that date and the rights vested on 30 June 2021 and automatically exercised into ordinary shares.*

Share based payments expense for the shares issued, service and deferred rights for KMP's was \$123,794 (2020: \$359,234). The fair value is based on observable market share price at the date of grant.

11.9.4 Performance Rights held by key management personnel under the LTI

The number of performance rights in Red 5 held as at the date of this report by key management personnel are set out below:

2021	Balance at prior year reporting date	Received through issuing of performance rights ^(a)	Performance rights vested and exercised ^(b)	Performance rights forfeited ^(b)	Balance at reporting date
Mark Williams	6,050,864	1,526,102	(2,814,565)	(1,206,243)	3,556,158
Jason Greive	-	415,182	-	-	415,182
John Tasovac	2,447,128	598,425	(1,130,967)	(484,700)	1,429,886
Brendon Shadlow ^(c)	2,232,833	546,457	(1,028,151)	(440,637)	1,310,502
Total	10,730,825	3,086,166	(4,973,683)	(2,131,580)	6,711,728

(a) Performance Rights 2023 series – Managing Director (Expiry date: 30 June 2023)

	Tranche A	Tranche B	Tranche C	Tranche D	Total
Total rights	763,052	305,220	305,220	152,610	1,526,102
Value per right	\$0.188	\$0.195	\$0.195	\$0.195	
Valuation per tranche	\$143,454	\$59,518	\$59,518	\$29,759	\$292,249

Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met:	
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%	- No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - Year on year improvement in safety performance	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%		
		< 15%	nil	> 95%	nil			

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

(b) Performance Rights 2023 series – Other Key Management Personnel (Expiry date: 30 June 2023)

	Tranche A	Tranche B	Tranche C	Tranche D	Total
Jason Greive	207,592	83,036	83,036	41,518	415,182
John Tasovac	299,213	119,685	119,685	59,842	598,425
Total rights	506,805	202,721	202,721	101,360	1,013,607
Value per right	\$0.172	\$0.179	\$0.179	\$0.179	
Valuation per tranche	\$87,170	\$36,287	\$36,287	\$18,143	\$177,887

Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - 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 Tranche A Rights have been valued using a hybrid employee share option pricing model which uses a correlated simulation that simultaneously calculates the TSR of the Company and the Index on a risk neutral basis as at the vesting date with regards to the measurement period. The percentage by which the return on the stock exceeds the total return on the Index is calculated as at the vesting date and a vesting percentage is calculated from the vesting schedule. The forecast share price at the vesting date is then used to calculate the value of the Right. The price is adjusted based on the vesting percentage, then discounted to its present value.

Tranche B, Tranche C and Tranche D Rights are valued using a single share price barrier model. The model incorporates a Monte Carlo simulation and simulates the stock's share price at the test date. Rights with market based and non-market based vesting conditions can only be exercised following the satisfaction of these exercise conditions.

- (a) In accordance with the terms of the Red 5 Rights Plan, performance rights that were issued to key management personnel, senior management have vested following the partial achievement of performance conditions measured over the three years ended 30 June 2021. Unmet performance conditions have lapsed, as a result these performance rights have been forfeited.
- (b) Represents number of performance rights held by Mr Shadlow on 30 June 2021, noting that he ceased to be a KMP on 30 November 2020.

DIRECTORS' REPORT (cont.)

11. REMUNERATION REPORT (AUDITED) (cont.)

Details of the performance rights issued previously:

Managing Directors and Executives Performance Rights 2022 series (Expiry date: 30 June 2022)

	Tranche A	Tranche B	Tranche C	Tranche D	Total
Mark Williams	1,015,028	406,012	406,012	203,004	2,030,056
John Tasovac	415,731	166,292	166,292	83,146	831,461
Brendon Shadlow	382,023	152,809	152,809	76,404	764,045
Total rights	1,812,782	725,113	725,113	362,554	3,625,562
Value per right	\$0.251	\$0.256	\$0.256	\$0.256	
Valuation per tranche	\$455,008	\$185,629	\$185,629	\$92,814	\$919,080

Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the 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 2022.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - 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		

End of Audited Remuneration Report

12. 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 \$173,887 (2020: \$126,436) for non-audit services. Further details of remuneration of the auditors are set out in Note 25.

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.

DIRECTORS' REPORT (cont.)

13. 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 2021.

14. AUDITOR'S INDEPENDENCE DECLARATION

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

15. ROUNDING OFF

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.



Kevin Dundo
Chairman

Perth, Western Australia
31 August 2021

AUDITOR'S INDEPENDENCE DECLARATION



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 2021 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

31 August 2021

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Consolidated Statement of PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Note	CONSOLIDATED	
		30 June 2021 \$'000	30 June 2020 \$'000 (restated) ^(a)
Sales revenue	5(a)	173,358	200,332
Cost of sales	5(b)	(171,050)	(161,106)
Gross profit		2,308	39,226
Other income and expenses			
Other income	5(c)	692	1,051
Administration and other expenses	5(d)	(9,572)	(8,590)
Care and maintenance	5(e)	(2,069)	-
Exploration expenditure	12	(3,217)	(4,608)
Financing income	5(f)	347	329
Financing expenses	5(f)	(1,345)	(2,362)
Ineffective portion of cashflow hedges		(1,410)	(6,810)
Fair value loss on financial liabilities		-	(967)
Total other income and expenses		(16,574)	(21,957)
(Loss)/profit before income tax expense		(14,266)	17,269
Income tax benefit/(expense)	6	4,788	(6,628)
Net (loss)/profit from continuing operations		(9,478)	10,641
(Loss) from discontinued operation (net of tax)	23	(33,767)	(6,097)
Net (loss)/profit after income tax for the year		(43,245)	4,544
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in foreign currency translation reserve		(1,722)	2,855
Re-measurement of defined retirement benefit		76	(52)
Cash flow hedge movements		20,038	(15,196)
Total comprehensive loss for the year		(24,853)	(7,849)
Net profit/(loss) after income tax attributable to:			
Non-controlling interest		(324)	85
Members of parent entity		(42,921)	4,459
		(43,245)	4,544
Total comprehensive profit/(loss) attributable to:			
Non-controlling interest		(364)	153
Members of parent company		(24,489)	(8,002)
		(24,853)	(7,849)
Earnings/(loss) per share attributable to shareholders			
		Cents	Cents
Basic earnings/(loss) per share	22	(2.08)	0.33
Diluted earnings/(loss) per share	22	(2.08)	0.32
Basic earnings/(loss) per share – continuing operations	22	(0.44)	0.78
Diluted earnings/(loss) per share – continuing operations	22	(0.44)	0.77

(a) Comparative amounts have been restated for comparability to the current year figures due to the reclassification of the results of the discontinued operation (refer note 23).

The accompanying notes form part of these financial statements.

Consolidated Statement of **FINANCIAL POSITION** as at 30 June 2021

	Note	CONSOLIDATED	
		30 June 2021 \$'000	30 June 2020 \$'000
Assets			
Current Assets			
Cash and cash equivalents	7	17,415	116,220
Trade and other receivables	8	9,861	11,797
Inventories	9	26,572	36,160
Assets held for sale	23	25,623	-
Total Current Assets		79,471	164,177
Non-Current Assets			
Trade and other receivables	8	28,810	257
Property, plant and equipment	10	136,814	90,517
Intangible assets		230	808
Mine properties	11	63,025	51,217
Exploration and evaluation assets	12	37,135	32,361
Deferred tax asset	6	-	4,058
Total Non-Current Assets		266,014	179,218
Total Assets		345,485	343,395
Liabilities			
Current Liabilities			
Trade and other payables	13	39,787	41,921
Financial liability	15	-	11,853
Income tax payable	14	-	1,791
Employee benefits	18	5,498	4,896
Derivative financial instruments	19	-	28,983
Provisions	16	1,116	1,116
Lease liabilities	17	3,529	5,932
Liabilities held for sale	23	3,940	-
Total Current Liabilities		53,870	96,492
Non-Current Liabilities			
Employee benefits	18	421	156
Provisions	16	52,161	41,128
Derivative financial instruments	19	-	4,392
Lease liabilities	17	6,624	5,178
Deferred tax liability	6	1,533	-
Total Non-Current Liabilities		60,739	50,854
Total Liabilities		114,609	147,346
Net Assets		230,876	196,049
Equity			
Contributed equity	20	442,626	383,887
Other equity		930	930
Reserves	21	31,027	11,654
Accumulated losses		(239,797)	(196,876)
Total Equity Attributable to Equity Holders of the Company		234,786	199,595
Non-controlling interests		(3,910)	(3,546)
Total Equity		230,876	196,049

The accompanying notes form part of these financial statements.

Consolidated Statement of **CHANGES IN EQUITY** for the year ended 30 June 2021

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY							
	Issued capital	Accumulated losses	Other equity	Foreign currency translation reserve	Hedging reserve	Share-based payments and other reserves	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	383,887	(196,876)	930	27,991	(18,594)	2,257	(3,546)	196,049
Net profit/(loss) for the year	-	(42,921)	-	-	-	-	(324)	(43,245)
Other comprehensive (loss)/ income for the period:								
Foreign currency translation differences	-	-	-	(1,682)	-	76	(40)	(1,646)
Change in fair value of cash flow hedges, net of tax	-	-	-	-	24,786	-	-	24,786
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	(4,748)	-	-	(4,748)
Total comprehensive income/ (loss) for the period	-	(42,921)	-	(1,682)	20,038	76	(364)	(24,853)
Issue of ordinary shares	60,067	-	-	-	-	-	-	60,067
Share issue expenses	(2,102)	-	-	-	-	-	-	(2,102)
Vesting of performance rights (LTI) converted to ordinary shares	542	-	-	-	-	(542)	-	-
Vested service and deferred rights converted to ordinary shares (STI)	232	-	-	-	-	(232)	-	-
Issue of deferred and service rights (STI)	-	-	-	-	-	160	-	160
Deferred rights reversed, issued in cash instead	-	-	-	-	-	(52)	-	(52)
Share based payments (LTI & STI)	-	-	-	-	-	1,607	-	1,607
Balance at 30 June 2021	442,626	(239,797)	930	26,309	1,444	3,274	(3,910)	230,876
Balance at 1 July 2019	260,515	(201,335)	930	25,204	(3,398)	1,163	(3,699)	79,380
Net profit/(loss) for the year	-	4,459	-	-	-	-	85	4,544
Other comprehensive (loss) / income for the period:								
Foreign currency translation differences	-	-	-	2,787	-	(52)	68	2,803
Change in fair value of cash flow hedges, net of tax	-	-	-	-	(21,550)	-	-	(21,550)
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	6,354	-	-	6,354
Total comprehensive income/ (loss) for the period	-	4,459	-	2,787	(15,196)	(52)	153	(7,849)
Issue of ordinary shares	129,677	-	-	-	-	-	-	129,677
Share issue expenses	(6,610)	-	-	-	-	-	-	(6,610)
Issue of deferred and service rights (STI)	-	-	-	-	-	374	-	374
Vested service and deferred rights converted to ordinary shares (STI)	305	-	-	-	-	(305)	-	-
Performance rights (LTI) forfeited	-	-	-	-	-	(361)	-	(361)
Share based payments (LTI)	-	-	-	-	-	1,438	-	1,438
Balance at 30 June 2020	383,887	(196,876)	930	27,991	(18,594)	2,257	(3,546)	196,049

The accompanying notes form part of these financial statements.

Consolidated Statement of **CASH FLOWS** for the year ended 30 June 2021

	Notes	CONSOLIDATED	
		30 June 2021 \$'000	30 June 2020 \$'000
Cash flows from operating activities			
Cash received from customers		174,677	204,479
Payments to suppliers and employees		(153,921)	(149,298)
Payments for exploration and evaluation		(3,217)	(4,698)
Sundry receipts		547	789
Income tax paid		-	-
Interest received		444	240
Net operating cash flows used in discontinued operation	23(c)	(3,975)	-
Net cash from operating activities	30	14,555	51,512
Cash flows used in investing activities			
Payments for property, plant equipment and intangibles		(99,643)	(14,322)
Payments for mine development and pre-operational cost		(10,050)	(12,653)
Payments for exploration and evaluation		(7,579)	(21,755)
Payments for bank guarantee relating to King of the Hills project		(21,112)	-
Payments for acquisition of King of the Hills assets		-	(818)
Payments for acquisition of Darlot		-	(5,000)
Net investing cash flows used in discontinued operation	23(c)	(53)	-
Net cash used in investing activities		(138,437)	(54,548)
Cash flows from financing activities			
Proceeds from issues of shares		60,066	125,000
Payments for share issue transaction costs		(2,102)	(6,610)
Proceeds from borrowings	15	-	20,000
Repayments of borrowings		(12,000)	(8,000)
Payment of facility fee on borrowings		-	(481)
Payments of interest		(379)	(1,260)
Repayment of gold loan		-	(11,079)
Payment for settlement for closure of hedges		(4,774)	-
Payment to restricted cash		(7,500)	-
Payments of lease liabilities		(7,393)	(9,100)
Net cash from financing activities		25,918	108,470
Net increase in cash and cash equivalents			
Cash at the beginning of the period		116,220	10,647
Effect of exchange rate fluctuations on cash held		(67)	139
Cash held within assets held for sale	23(b)	(774)	-
Cash and cash equivalents at the end of the year	7	17,415	116,220

The accompanying notes form part of these financial statements.

1. REPORTING ENTITY

Red 5 Limited (“parent entity” or “the Company”) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Consolidated Financial Report for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. The Group is primarily involved in the exploration and mining of gold.

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 31 August 2021.

2.2 GOING CONCERN

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2.3 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and certain other financial assets and liabilities which are required to be measured at fair value. 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 4.12.

Rehabilitation provisions are based on net present value and are discussed in Note 4.14.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial report is presented in Australian dollars, which is the Group’s presentation currency. The functional currency of the Parent Company and the Australian subsidiaries in which the Group holds its Australian assets is Australian dollars, and the functional currency of the Company’s other foreign subsidiaries is Philippine pesos. The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates.

2.5 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described with the associated accounting policy note within the related qualitative and quantitative note as described below (refer note 4.22).

2.6 ROUNDING OFF

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and in accordance with that instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

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 35.

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.

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 2021 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 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.

4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include land and buildings, plant and equipment, fixtures and fittings and assets under construction. 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 straight-line basis over the life of mine.

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Items of plant and equipment are depreciated using a combination of units of production, 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.

4.4 INTANGIBLE ASSETS

Intangible assets includes mainly capitalised software. Intangible assets are initially recorded at 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.

4.5 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.

4.6 EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets incurred are 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, other than costs relating to acquisitions. 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.

4.7 MINE PROPERTIES

Mine development

Pre-Production: Costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs. All development costs incurred, including sale of products during the development phase prior to reaching commercial production capacity (production start date), within that area of interest are capitalised and carried at cost. Costs are amortised from the commencement of commercial production over the productive life of the project on a unit-of-production basis, based on reserves.

Post-Production: Costs incurred in developing further areas of the mine 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Deferred waste mining costs: Post-production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, if the following criteria is met:

- ▲ Future economic benefits (being improved access to the ore body) are probable;
- ▲ The component of the ore body for which access will be improved can be accurately identified; and
- ▲ The costs associated with the improved access can be reliably measured.

If all the criteria are not met, the production stripping costs are charged to profit or loss as they are incurred.

Depreciation of the stripping activity asset is determined on a unit of production basis over the life of the asset based on reserves for each area of interest.

Mineral rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or joint venture acquisition and are recognised at fair value at the date of acquisition. Where possible, mineral interests are attributable to specific areas of interest and are classified within mine properties. It is amortised over the life of the mine.

Asset retirement obligation

Asset retirement obligation represents the estimated future cost of closure and rehabilitation of the mine site. It is amortised over the life of the mine.

4.8 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.

4.9 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.

4.10 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 trade receivables, the Group uses the simplified approach to recognise impairments based on the lifetime expected credit loss.

For other receivables, the Group applies the general approach and recognises impairments based on a 12-month expected credit loss. Impairment allowances are based on a forward-looking expected credit loss model. Where there has been a significant increase in credit risk, a loss allowance for lifetime expected credit losses is required.

Exposures are grouped by external credit rating and security options and an expected credit loss rate is calculated accordingly. Where applicable, actual credit loss experience is also taken into account. For remaining receivables without an external credit rating or security option, a rating of BB (Standard and Poor's) is used, on the basis that there is no support that it is investment grade, nor is there any evidence of default.

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.

4.11 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.

4.12 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 Monte Carlo 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.

4.13 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

The following significant exchange rates have been applied:

AUD	Average rate		Year-end spot rate	
	2021	2020	2021	2020
Philippine Peso	36.17	34.176	36.48	34.22
USD	0.75	0.67	0.75	0.68

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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when control has passed to the buyer; the Company has no significant continuing involvement; and the amount of revenue and costs incurred or costs to be incurred in respect of the transaction can be measured reliably. The Group's assessment is that this occurs when the sales contract has been entered into and the customer has physical possession of the gold as this is the point at which the customer obtains the ability to direct the use and obtains substantially all of the remaining benefits of ownership of the asset.

The transaction price is determined based on the agreed upon price and the number of ounces delivered. Payment is due upon delivery into the sales contract.

As part of the risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated gold sales. The counterparty to the gold forward contracts is BNP Paribas, Australia Branch, the Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited ("MBL") (the counterparties).

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

It is management's intention to settle each contract through physical delivery of gold and as such, the gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes. This is referred to as the "normal purchase / sale" exemption. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to the counterparties.

4.19 LEASES

At the inception of a contract the Group assesses whether the contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises it as a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ▲ fixed payments (including in-substance fixed payments), less any lease incentives receivable
- ▲ variable lease payment that are based on an index or a rate
- ▲ amounts expected to be payable by the lessee under residual value guarantees
- ▲ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- ▲ payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- ▲ The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- ▲ The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- ▲ A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (as outlined in the financial report for the annual reporting period).

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

4.20 DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- ▶ represents a separate major line of business or geographic area of operations;
- ▶ is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- ▶ is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

4.21 ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

4.22 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 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 4.14, 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 4.3), amortisation of capitalised development expenditure (refer to note 4.7), and impairment relating to these assets.

4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Monte Carlo. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in, as discussed in note 31.

Production start date

The Group assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced.

Some of the criteria used to identify the production start date include, but are not limited to:

- ▲ Level of capital expenditure incurred compared with the original construction cost estimate
- ▲ Completion of a reasonable period of testing of the mine plant and equipment
- ▲ Ability to produce metal in saleable form (within specifications)
- ▲ Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

Capitalised exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

4.23 NEW AND REVISED STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2021 reporting period. The Group has elected not to early adopt any of the new standards or interpretations. These are not expected to have a material impact.

5 REVENUE AND EXPENSES

	Consolidated	
	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000 (restated)
(a) Revenue		
Gold and silver sales	189,711	215,946
Realised losses on cashflow hedges	(16,353)	(15,614)
	173,358	200,332
(b) Cost of sales		
Operating costs	(147,848)	(128,992)
Depreciation and amortisation	(23,202)	(32,114)
	(171,050)	(161,106)
(c) Other income		
Discount forfeited on payment of deferred consideration	-	750
Other income	692	301
	692	1,051
(d) Administration and other expenses		
Employee and consultancy expenses	(4,109)	(2,981)
Share-based payments	(1,767)	(1,812)
Corporate costs	(1,457)	(1,477)
Legal fees	(878)	(569)
Depreciation	(291)	(138)
Property and other indirect taxes	(201)	(220)
Acquisition related costs	(176)	(51)
Travel and accommodation	(59)	(453)
Other administration overheads	(634)	(889)
	(9,572)	(8,590)
(e) Care and maintenance ⁽¹⁾		
Fuel and utilities	(1,026)	-
Other costs	(160)	-
External services	(848)	-
Materials and consumables used	(35)	-
	(2,069)	-
(f) Finance income / (expenses)		
Interest income	347	216
Unrealised gains on fuel hedges	-	113
	347	329
Interest expense on borrowings and leases	(921)	(1,461)
Amortisation of borrowing costs	(150)	(334)
Unwinding of discount on rehabilitation provision	(161)	(299)
Unrealised loss on fuel hedges	(113)	-
Unwinding of interest on gold loan	-	(196)
Unwinding of discount on deferred consideration on acquisitions	-	(72)
	(1,345)	(2,362)
	(998)	(2,033)

(1) Care and maintenance costs in 2021 relate to the King of the Hills gold mine which went into care and maintenance in February 2021. In 2020 care and maintenance costs related to the Siana mine operation and have been reclassified to profit/(loss) from discontinuing operation (refer to note 23).

6 INCOME TAX (PRIMA FACIE)

	Consolidated Year ended	
	30 June 2021 \$'000	30 June 2020 \$'000
Current income tax		
Current income tax charge	-	(1,791)
Adjustment for prior period	1,791	1,564
	1,791	(227)
Deferred income tax		
Deferred income tax credit	5,122	(4,577)
Adjustment for prior period	(2,125)	(1,824)
	(2,997)	(6,401)
Income tax benefit/(charge)	4,788	(6,628)
A reconciliation between income tax charge and the numerical profit/(loss) before income tax at the applicable income tax rate is as follows:		
(Loss)/profit before income tax	(14,266)	11,172
At statutory income tax rate of 30% (2020: 30%)	4,280	(3,352)
Temporary difference not recognised / (recognised)	1,400	(2,134)
Items not allowable for income tax purposes:		
Non-deductible expenses	(558)	(376)
Utilisation of carry forward tax losses not brought to account	-	1,221
Change in estimates	-	(1,727)
Prior period adjustment	(334)	(260)
Income tax benefit/(charge)	4,788	(6,628)
Tax losses and temporary differences not brought to account (tax effected)		
Deductible temporary differences	49,709	47,616
Tax losses	7,017	7,770

Some of the potential deferred tax assets attributable to tax losses and deductible temporary differences have not been brought to account at 30 June 2021. The Directors do not believe it is appropriate to regard realisation of the full 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 all the benefits there from or (ii) uncertainty with respect to recoverability in the Philippines.

Movement in deferred tax balances:

	Net balance at 1 July 2020 \$'000	Recognised in other comprehensive income \$'000	Recognised in profit or loss \$'000	Net balance at 30 June 2021 \$'000
Property, plant and equipment and intangible assets	(8,534)	-	(13,929)	(22,463)
Exploration and evaluation assets	(8,009)	-	(1,552)	(9,561)
Provisions and employee benefits	12,813	-	5,958	18,771
Derivative financial instruments	10,012	(8,588)	(1,424)	-
Leases	(135)	-	1,719	1,584
Other items	(2,089)	-	1,811	(278)
Tax loss carry forward	-	-	10,414	10,414
	4,058	(8,588)	2,997	(1,533)

6 INCOME TAX (PRIMA FACIE) (cont.)

Movement in deferred tax balances: (cont.)

	Net balance at 1 July 2019 \$'000	Recognised in other comprehensive income \$'000	Recognised in profit or loss \$'000	Net balance at 30 June 2020 \$'000
Property, plant and equipment and intangible assets	(5,694)	-	(2,840)	(8,534)
Exploration and evaluation assets	(1,588)	-	(6,421)	(8,009)
Provisions and employee benefits	9,547	-	3,266	12,813
Derivative financial instruments	1,456	6,513	2,043	10,012
Leases	-	-	(135)	(135)
Other items	225	-	(2,314)	(2,089)
	3,946	6,513	(6,401)	4,058

(a) Red 5 resolved to form a tax consolidated group incorporating all its Australian subsidiaries, with an effective date of 1 November 2017. In accordance with the tax consolidation legislation, the head entity of the Australian tax consolidated group, will assume the deferred tax assets and liabilities initially recognised by wholly owned members of the tax consolidated group.

7 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Cash at bank	18,159	68,754
Cash on deposit	30	47,465
Cash on hand	-	1
	18,189	116,220
Cash held within assets held for sale	(774)	-
	17,415	116,220

8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Current assets		
Trade debtors ^(a)	3,538	6,242
Prepayments	4,690	3,526
GST receivable	1,612	1,629
Sundry debtors	20	303
Interest receivable	1	97
	9,861	11,797
Non-current assets		
Restricted cash ^(b)	20,500	-
VAT receivable	4	62
Security deposits	8,306	195
	28,810	257

(a) Trade debtors includes amounts receivable for 1,313 ounces sold on 30 June 2021, equivalent to \$3.07 million (30 June 2020: 2,347 ounces equivalent to \$6.08 million).

(b) Restricted cash is made up of \$13.5 million transferred to a reserve account to fund the construction of the tailings storage facility at King of the Hills and \$7.5 million to a debt service reserve account.

9 INVENTORIES

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Stores, spares and consumables at cost	8,039	11,305
Run of mine stockpiles at net realisable value (2020: at cost)	6,064	15,506
Gold in circuit at net realisable value (2020: at cost)	11,886	8,786
Crushed ore stockpile at cost	451	380
Gold Bullion at cost	132	183
	26,572	36,160

Stores, spares and consumables represent materials and supplies consumed in the production process. All stocks have been calculated as the lower of cost and net realisable value, representing the estimated selling price in the ordinary course of business less any further costs expected to be incurred in respect of such disposal. Net realisable value adjustments of \$3.243 million were made during the year (30 June 2020: nil).

During the year a provision of \$0.683 million was made for slow-moving stores, spares and consumables inventory at the Darlot mine.

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment ^(a)	Fixtures and fittings	Right of use assets	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 July 2020	13,264	138,487	2,014	21,080	7,206	182,051
Additions ^(b)	436	2,025	29	6,224	97,765	106,479
Disposals ^(c)	-	(727)	-	(72)	-	(799)
Transfer from assets under construction	13	1,867	78	-	(1,958)	-
Transfer to assets held for sale	(3,065)	(92,750)	(1,752)	(76)	(732)	(98,375)
Balance at 30 June 2021	10,648	48,902	369	27,156	102,281	189,356
Balance at 1 July 2019	13,121	132,318	1,896	-	1,748	149,083
Recognised on transition to AASB 16 at 1 July 2019	-	-	-	15,908	-	15,908
Additions	-	7,738	30	1,956	6,591	16,315
Disposals	-	(1,140)	-	-	-	(1,140)
Transfer from assets under construction	-	259	-	-	(259)	-
Reclassification to right of use assets	-	(3,214)	-	3,214	-	-
Reclassification of asset retirement obligation and software	-	(2,056)	-	-	(14)	(2,070)
Reclassification to exploration and evaluation assets	-	-	-	-	(976)	(976)
Effect of movements in exchange rates	143	4,582	88	2	116	4,931
Balance at 30 June 2020	13,264	138,487	2,014	21,080	7,206	182,051

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

	Land and buildings \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Right of use assets \$'000	Assets under construction \$'000	Total \$'000
Accumulated depreciation						
Balance at 1 July 2020	(6,475)	(73,739)	(1,802)	(9,518)	-	(91,534)
Depreciation for the year	(1,600)	(7,387)	(55)	(5,995)	-	(15,037)
Disposals	-	453	-	71	-	524
Transfer to assets held for sale	2,245	49,591	1,634	35	-	53,505
Balance at 30 June 2021	(5,830)	(31,082)	(223)	(15,407)	-	(52,542)
Balance at 1 July 2019	(4,354)	(66,908)	(1,646)	-	-	(72,908)
Depreciation for the year	(2,023)	(6,513)	(76)	(8,052)	-	(16,664)
Disposals	-	608	-	-	-	608
Reclassification to right of use assets	-	1,465	-	(1,465)	-	-
Reclassification to intangible assets	-	82	-	-	-	82
Effect of movements in exchange rates	(98)	(2,473)	(80)	(1)	-	(2,652)
Balance at 30 June 2020	(6,475)	(73,739)	(1,802)	(9,518)	-	(91,534)
Carrying amounts						
At 1 July 2019	8,767	65,410	250	-	1,748	76,175
At 30 June 2020	6,789	64,748	212	11,562	7,206	90,517
At 30 June 2021	4,818	17,820	146	11,749	102,281	136,814

- (a) Property, plant and equipment includes the Darlot 1.0 Mtpa processing plant facility with a net book value of \$13.347 million. The Group identified indicators of impairment at year end resulting from the King of the Hills processing hub strategy announced to the market in August 2021, and performed an impairment assessment on this asset. The Group concluded that the value of the asset is recoverable as at 30 June 2021, however the Group also identified that a reasonably possible change in the gold production assumption could cause the carrying amount to exceed the recoverable amount.
- (b) During the year ended additions included construction of the KOTH processing plant and the completion of the accommodation facility and administration blocks at the site. It also included new leased assets, sustaining capital and tailing storage facility improvements.
- (c) Includes disposals of old mobile machinery.

11 MINE PROPERTIES

	Mine development \$'000	Asset retirement obligation \$'000	Mineral rights \$'000	Total \$'000
Cost				
Balance at 1 July 2020	235,525	11,328	30,717	277,570
Additions	10,050	-	-	10,050
Transfer from exploration and evaluation (refer to note 12)	2,805	-	-	2,805
Rehabilitation change in estimate (refer to note 16)	-	13,796	-	13,796
Transfer to assets held for sale	(189,436)	(2,159)	-	(191,595)
Balance at 30 June 2021	58,944	22,965	30,717	112,626
Balance at 1 July 2019 ^(a)	213,491	-	30,357	243,848
Additions	12,634	-	360	12,994
Reclassification of rehabilitation asset	-	2,056	-	2,056
Rehabilitation change in estimate (refer to note 16)	-	9,169	-	9,169
Effect of movements in exchange rates	9,400	103	-	9,503
Balance at 30 June 2020	235,525	11,328	30,717	277,570

11 MINE PROPERTIES (cont.)

	Mine development	Asset retirement obligation	Mineral rights	Total
	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation				
Balance at 1 July 2020	(207,810)	(86)	(18,457)	(226,353)
Amortisation	(4,658)	(1,756)	(1,426)	(7,840)
Transferred to assets held for sale	184,506	86	-	184,592
Balance at 30 June 2021	(27,962)	(1,756)	(19,883)	(49,601)
Balance at 1 July 2019 ^(a)	(189,608)	-	(11,793)	(201,401)
Amortisation	(9,052)	-	(6,664)	(15,716)
Reclassification of rehabilitation asset	-	(82)	-	(82)
Effect of movements in exchange rates	(9,150)	(4)	-	(9,154)
Balance at 30 June 2020	(207,810)	(86)	(18,457)	(226,353)
Carrying amounts				
At 1 July 2019	23,883	-	18,564	42,442
At 30 June 2020	27,715	11,242	12,260	51,217
At 30 June 2021	30,982	21,209	10,834	63,025

(a) Certain comparative amounts have been reclassified to conform with current year presentation.

12 EXPLORATION AND EVALUATION ASSETS

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Opening balance	32,361	5,294
Exploration and evaluation expenditure incurred in current period ^(a)	11,187	30,699
Capitalised exploration costs transferred to mine development (refer to note 11)	(2,805)	-
Capitalised exploration costs transferred from assets under construction	-	976
Exploration expenditure transferred to profit or loss ^(b)	(3,217)	(4,608)
Transferred to assets available for sale	(391)	-
Closing balance	37,135	32,361

(a) During the year ended 30 June 2021, \$3.425 million for final feasibility studies, drilling and related costs at King of the Hills gold project were capitalised (30 June 2020: \$20.427 million). In addition, \$4.281 million was capitalised relating to the acquisition and drilling costs at satellite deposits acquired by Darlot (2020: \$5.665 million); and exploration of \$3.217 million (2020: \$4.608 million).

(b) The carrying value of exploration costs totalling \$3.217 million were expensed (30 June 2020: \$4.608 million). These costs were associated with drilling and studies at the Darlot gold project where no further work will be performed in that particular area.

13 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Current		
Creditors and accruals	33,973	35,899
Royalties and other indirect taxes	1,227	1,994
Insurance payable	2,291	1,641
Other creditors	2,296	2,387
	39,787	41,921

14 INCOME TAX PAYABLE

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Income tax payable	-	1,791
	-	1,791

15 FINANCIAL LIABILITY

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Nominal interest rate	BBSY bid rate +4.0%	BBSY bid rate +4.5%
Loan term	69 months	22 months
Carrying value	-	11,853
Current borrowings	-	11,853
Non-current borrowings	-	-
	-	11,853

In March 2021 the final instalment of the Macquarie working capital facility and the interest was repaid to Macquarie Bank.

On 17 March 2021 a \$175 million debt facility commitment was announced with a syndicate comprising BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited.

The key terms of the project financing facilities include:

- ▲ A\$160 million senior secured project loan facility;
- ▲ A\$15 million cost overrun and working capital facility;
- ▲ Loan term of 5.75 years, maturing on 30 September 2026;
- ▲ An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin below 4.00% p.a.; and
- ▲ Guaranteed and secured on a first-ranking basis over all Australian assets of Red 5, Greenstone Resources (WA) Pty Ltd, Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd.

The first draw-down on the debt facility took place in July 2021 totalling \$28.712 million.

16 PROVISIONS

	Rehabilitation provision ^(a)	Documentary stamp duty ^(b)	Withholding tax	Other provisions ^(c)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	38,914	1,222	504	1,604	42,244
Provisions made	-	-	-	981	981
Provisions utilised	-	-	-	(495)	(495)
Change in rehabilitation estimate	17,422	-	-	-	17,422
Change in rehabilitation variables	(3,626)	-	-	-	(3,626)
Unwinding of discount	179	-	-	-	179
Transferred to liabilities held for sale	(2,206)	(1,222)	-	-	(3,428)
Closing balance	50,683	-	504	2,090	53,277

(a) Rehabilitation provision

Mining activities 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. This provision has been created based on the Group's internal estimates which are reviewed over time as the operation develops. The accretion of the effect of discounting on the provision is recognised as a financial expense. In addition, the rehabilitation obligation has been recognised as an intangible asset and has been amortised over the life of the mines on units of production basis.

(b) Documentary stamp duty provision:

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

(c) Other provisions:

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

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Current	1,116	1,116
Non-current	52,161	41,128
	53,277	42,244

17 LEASE LIABILITIES

Lease liabilities include electricity and gas power plants, vehicles and equipment. Lease liabilities expire between September 2021 and December 2024 and bear interest between 4.5% and 7.5%. 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 leases are secured by the lessor's title to the leased assets. The fair value of the lease liabilities approximates their carrying values.

The following schedule outlines the total minimum loan payments due for the lease obligations over their remaining term:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2021	2020	2021	2020	2021	2020
Year ended 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Less than one year	3,917	6,385	388	453	3,529	5,932
Between one and five years	7,760	6,330	1,136	1,152	6,624	5,178
	11,677	12,715	1,524	1,605	10,153	11,110
Current	3,917	6,385	388	453	3,529	5,932
Non-current	7,760	6,330	1,136	1,152	6,624	5,178
	11,677	12,715	1,524	1,605	10,153	11,110

18 EMPLOYEE BENEFITS

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Provision for annual leave	2,912	2,600
Provision for long-service leave	1,634	1,416
Provision for bonuses	1,373	1,036
	5,919	5,052
Current	5,498	4,896
Non-current	421	156
	5,919	5,052

19 DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Opening balance	(33,375)	(5,311)
Change in fair value of cashflow hedges	-	(28,064)
Settlement of cashflow hedges	33,375	-
Closing balance	-	(33,375)
Current	-	(28,983)
Non-current	-	(4,392)
	-	(33,375)

During the year as part of the King of the Hills debt funding, the Group closed all existing hedge contracts and entered into new gold forward contracts amounting to 189,651 ounces of gold produced at the King of the Hills operation. The hedge contracts are priced at an average of \$2,154 per ounce and for the period from October 2022 to June 2025. The new gold forward contracts are accounted for use the own use exemption.

In the prior year the Group had a hedge liability position reflecting a negative mark-to-market value of gold contracts. As at year ended 30 June 2020, metal hedges comprising of forward contracts for 67,000 ounces of gold at an average price of \$2,089 per ounce for the period July 2020 to September 2021. In March 2021 the remaining open hedges were closed as mentioned above. To the extent that the closure related to production hedged from July 2021 to September 2021, the gain is retained in the cashflow hedge reserve and released to the income statement once the production occurs.

20 CONTRIBUTED EQUITY**(a) Share capital**

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
2,346,323,247 (30 June 2020: 1,958,845,338) ordinary fully paid shares	442,626	383,887

Notes to the Consolidated FINANCIAL STATEMENTS for the year ended 30 June 2021 (cont.)

20 CONTRIBUTED EQUITY (cont.)

(b) Movements in ordinary share capital

	CONSOLIDATED	
	Thousand Shares	\$'000
On issue at 30 June 2019	1,243,167	260,515
Capital raising for cash	694,444	125,000
Shares issued as consideration for acquisition of satellite gold deposits for the Darlot Mining Hub	19,316	4,677
Service rights vested	1,174	82
Deferred rights vested and converted to shares	744	223
Share issue costs	-	(6,610)
On issue at 30 June 2020	1,958,845	383,887
On issue at 1 July 2020	1,958,845	383,887
Capital raising for cash	375,415	60,066
Service rights vested	744	149
Deferred rights vested and converted to shares	328	83
Performance rights vested and converted to shares	10,992	542
Share issue costs	-	(2,102)
On issue at 30 June 2021	2,346,323	442,626

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.

(c) Other equity

	CONSOLIDATED	
	Thousand Shares	\$'000
Opening balance 1 July 2020 ^(a)	581	930
Balance 30 June 2021	581	930

(a) 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.

21 RESERVES

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Foreign currency translation reserve ^(a)	26,309	27,991
Deferred retirement benefit ^(b)	130	54
Share-based payment reserve and other reserves ^(c)	3,144	2,203
Hedging reserve ^(d)	1,444	(18,594)
	31,027	11,654

(a) 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. This will be released to the income statement on the sale of Siana expected in FY 2022.

(b) This reserve is for defined retirement benefit fund for Philippines employees of \$0.130 million (2020: \$0.054 million). The movement in other reserves arises from the re-measurement of liabilities resulting from a change in assumptions used in an actuarial report calculation.

(c) The share-based payment reserve includes performance rights, service and deferred rights reserve. It arises on the granting and vesting of equity instruments. Refer note 31 for further details.

(d) The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments (net of tax) used in cash flow hedges pending subsequent recognition in profit or loss. At year-end there were no open hedges (refer note 19).

22 EARNINGS PER SHARE

Earnings per share (EPS) is the amount of post-tax profit or loss attributable to each share. The Group presents basic and diluted EPS data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being unlisted employee performance and service rights on issue.

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Net (loss)/profit after income tax from continuing operations attributable to members of the parent company	(9,478)	10,556
Net loss after income tax from discontinued operations	(33,767)	(6,097)
Net profit/(loss) after income tax attributable to members of the parent company	(43,245)	4,459

22 EARNINGS PER SHARE (cont.)

	CONSOLIDATED	
	Weighted average number of shares	
	2021	2020
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 July	1,958,845	1,243,167
Effect of shares issued 20 July 2020	706	-
Effect of shares issued 11 September 2020	8,823	-
Effect of shares issued 25 November 2020	196	-
Effect of shares issued 25 March 2021	65,861	-
Effect of shares issued 16 April 2021	27,093	-
Effect of shares issued 16 July 2019	-	1,126
Effect of shares issued 6 December 2019	-	423
Effect of shares issued 3 April 2020	-	41,704
Effect of shares issued 9 April 2020	-	2,617
Effect of shares issued 13 May 2020	-	70,012
Effect of shares issued 27 May 2020	-	743
Weighted average number of ordinary shares at 30 June (basic)	2,061,524	1,359,792
Weighted-average number of ordinary shares (basic):	2,061,524	1,359,792
Effect of performance rights contingently issuable	-	29,199
Effect of service rights contingently issuable	-	1,267
Weighted average number of ordinary shares at 30 June (diluted)	2,061,524	1,390,258
Earnings per share (cents per share)		
Basic (loss)/profit per share	(2.08)	0.33
Diluted (loss)/profit per share	(2.08)	0.32
Basic (loss)/profit per share – continuing operations	(0.44)	0.78
Diluted (loss)/profit per share – continuing operations	(0.44)	0.77

For fully diluted (loss)/profit per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares if the Group has made a profit. The Group's potentially dilutive securities consist of performance and service rights.

23 DISCONTINUED OPERATION**Sale of Siana gold mine (Philippines)**

During the year the Group has been in negotiations with interested parties to divest its interests in Philippine affiliated company Greenstone Resources Corporation (GRC), which holds both the Siana Gold Project (Siana) and the Mapawa Gold Project.

In July 2021 a binding agreement with TVI Resource Development (Phils.) Inc. (TVIRD) was entered into for the sale of GRC. TVIRD is the Philippine affiliate of the Canadian-listed TVI Pacific Inc.

The divestment includes the process plant and all other infrastructure at Siana. A royalty of 3.25% payable for up to 619,000 ounces of gold will be payable to the Group from first gold from the restart of the Siana processing plant. Upon completion of all closing conditions of the agreement, which include certain Philippine regulatory approvals expected to be satisfied during the September 2021 quarter, the Group will receive gross proceeds of US\$19 million (approximately A\$25.3 million) through the repayment of outstanding shareholder advances due from its Philippine-affiliated company, Red 5 Asia Inc, which is a shareholder of GRC.

The divestment of its interests in Siana is consistent with Red 5's strategy to focus on its King of the Hills and Darlot gold mines in Western Australia, with the aim of becoming a substantial mid-tier Australian gold producer.

Notes to the Consolidated FINANCIAL STATEMENTS for the year ended 30 June 2021 (cont.)

23 DISCONTINUED OPERATION (cont.)

(a) Results of discontinued operation

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Care and maintenance costs	(7,199)	(6,097)
Impairment of discontinued operation ⁽ⁱ⁾	(26,568)	-
Loss from discontinued operation	(33,767)	(6,097)

(i) Due to uncertainty of receipt of the 3.25% royalties on the ounces of gold produced by GRC in the future, an impairment loss to the write down the assets and liabilities of the discontinued operation to the lower of its carrying amount and fair value was incurred.

The fair value of the discontinued operation is based on the sale proceeds of US\$19 million (A\$25.7 million) less selling costs of AUD equivalent of \$3.5 million for brokerage and legal fees, employee separation costs and committed expenses. The fair value does not recognise future receipts from the royalty as mentioned in the sale agreement.

(b) Effect of disposal of discontinued operation on the financial position of the Group

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Plant, property and equipment	17,367	-
Mine properties	960	-
Inventory	6,003	-
Trade and other receivables	519	-
Cash and cash equivalents	774	-
Assets held for sale	25,623	-
Trade and other payables	(1,514)	-
Provisions	(2,362)	-
Employee benefits	(58)	-
Lease liabilities	(6)	-
Liabilities held for sale	(3,940)	-
Net assets held for sale	21,683	-

(c) Cash flows (used in)/ from discontinued operation

	CONSOLIDATED	
	30 June 2021 \$'000	30 June 2020 \$'000
Net cash used in operating activities	(3,975)	-
Net cash used in investing activities	(53)	-
Net cash from financing activities	-	-
Net cash flow for the year	(4,028)	-

24 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

Steve Tombs

Andrea Sutton (appointed 18 November 2020)

Other executives

Jason Greive – Chief Operating Officer (commenced 30 November 2020)

John Tasovac – Chief Financial Officer

Brendan Shadlow – General Manager (KMP until commencement of Chief Operating Officer)

Compensation of key management personnel

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

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$	\$
Key management personnel		
Short term benefits including service and deferred rights	2,136,900	2,388,461
Post-employment benefits	143,192	124,491
Long term benefits	118,927	72,472
Share based payments	448,407	389,142
	2,847,426	2,974,566

Loans to key management personnel

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

Transactions with Key Management Personnel and their related parties

The Non-Executive Directors Mr Kevin Dundo, Mr Ian Macpherson and Ms Andrea Sutton invoice through their private companies for Directors fees. They are not separate entities that provide consulting services to the Company. The Non-Executive Directors Mr Colin Loosemore and Mr Steven Tombs are paid Directors fees through the Company's payroll. Mr Dundo, Mr Macpherson, Mr Loosemore, Mr Tombs and Ms Sutton meet the definition and maintain their status as Independent Non-Executive Directors, thus retain objectivity and their ability to meet their oversight role.

These transactions were entered on normal commercial terms.

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 29.

25 REMUNERATION OF THE AUDITOR

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$	\$
Amounts paid or due and payable to the auditor for:		
Auditing and reviewing financial reports		
▫ KPMG Australia	153,810	151,931
– overseas KPMG firms	39,738	38,693
Taxation advisory services		
– KPMG Australia	165,859	117,940
– overseas KPMG firms	8,028	8,496
Other advisory services	-	-
	367,435	317,060

26 CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Capital expenditure commitments		
Contracted but not provided for:		
- not later than one year	83,934	295
	83,934	295
Contractual sale commitments		
Sale commitments: ^(a)		
- later than one year but not later than two years	125,072	-
- later than two years but not later than five years	284,952	-
	410,124	-
Contractual expenditure commitments		
Non-capital expenditure commitments:		
- not later than one year	5,376	5,146
	5,376	5,146
Tenement expenditure commitments		
- not later than one year	3,310	4,193
- later than one year but not later than two years	2,612	586
	5,922	4,779

(a) Includes committed forward sale contracts for 189,650 ounces amounting to \$410 million relating to future sales of gold from King of the Hills. The hedge contracts are fixed at an average price of \$2,154 per ounce and settle between October 2022 and June 2025. The are accounted for as own use.

27 CONTINGENT LIABILITIES

The consolidated entity had no material contingent liabilities as at the reporting date and as at the end of the year.

28 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. Due to the pending sale of the Philippines operation (refer to note 23), the Philippines segment is classified as a discontinued operation. The Australia segment is made up of the Darlot and King of the Hills operations.

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.

	Australia ^(a)	Philippines (discontinued)	Other ^(b)	Total
	\$'000	\$'000	\$'000	\$'000
(i) Segment performance				
Year ended 30 June 2021				
Revenues ^(c)	173,358	-	-	173,358
	173,358	-	-	173,358
Segment result before tax	(4,363)	(33,767)	(9,903)	(48,033)
Included within segment result:				
Other income	527	-	165	692
Interest income	35	-	312	347
Finance expenses	(787)	-	(558)	(1,345)
Exploration costs expensed	(3,217)	-	-	(3,217)
Depreciation and amortisation	(23,253)	-	(240)	(23,493)
Impairment of discontinued operation	-	(26,568)	-	(26,568)
Care and maintenance costs	-	(7,199)	-	(7,199)
Year ended 30 June 2020				
Revenues ^(c)	200,332	-	-	200,332
	200,332	-	-	200,332
Segment result before tax	33,594	(6,097)	(16,325)	11,172
Included within segment result:				
Other income	301	-	750	1,051
Interest income	20	-	309	329
Finance expenses	(780)	-	(1,582)	(2,362)
Exploration costs expensed	(4,608)	-	-	(4,608)
Depreciation and amortisation	(32,166)	-	(86)	(32,252)
Care and maintenance costs	-	(6,097)	-	(6,097)

28 SEGMENT INFORMATION (cont.)

	Australia ^(a)	Philippines (discontinued)	Other ^(b)	Total
	\$'000	\$'000	\$'000	\$'000
(ii) Segment Assets				
As at 30 June 2021				
Segment assets	294,099	25,623	25,763	345,485
Additions to non-current assets:				
Plant and equipment expenditure	105,060	-	1,419	106,479
Mine properties	10,050	-	-	10,050
Intangible assets	3	-	36	39
As at 30 June 2020				
Segment assets	184,555	60,672	98,168	343,395
Additions to non-current assets:				
Plant and equipment expenditure	31,657	553	13	32,223
Mine properties	12,900	94	-	12,994
Intangible assets	222	-	11	233
(iii) Segment Liabilities				
As at 30 June 2021				
Segment liabilities	105,688	3,940	4,981	114,609
As at 30 June 2020				
Segment liabilities	122,511	8,945	15,890	147,346

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

(b) Includes corporate costs of the group and inter-company transactions.

(c) Revenue is attributable to two customers only.

29 INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding %	
			2021	2020
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	100
Bremer Binaliw Corporation	Philippines	Ordinary	100	100
Red 5 Mapawa Inc	Philippines	Ordinary	100	100
Red 5 Dayano Inc	Philippines	Ordinary	100	100
Red 5 Asia Inc	Philippines	Ordinary	100	100
Greenstone Resources Corporation ^(a)	Philippines	Ordinary	40	40
Surigao Holdings and Investments Corporation ^(a)	Philippines	Ordinary	40	40

(a) 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.

30 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Operating (loss)/profit after income tax	(43,245)	4,544
Impairment of discontinued operation	26,568	-
Amortisation and depreciation	23,493	32,984
Ineffective portion of cashflow hedges	(3,363)	6,353
Deferred tax	(2,997)	6,401
Other	2,632	1,007
Share based payment	1,767	1,451
Interest expenses	921	1,463
Write down of obsolete inventory	683	-
Non-cash stockpile movements	362	(1,250)
Unwinding of asset retirement obligation	179	316
Amortisation of borrowing costs	150	334
VAT receivable impairment	-	320
Discount forfeited on payment of deferred consideration	-	(750)
Changes in operating assets and liabilities:		
Decrease/(increase) in inventories	9,588	(13,593)
Decrease in receivables	1,936	2,921
(Decrease)/increase in payables	(2,930)	8,281
(Decrease)/increase in income tax payable	(1,791)	227
Increase in provisions	602	503
Net cash flow from operating activities	14,555	51,512

31 SHARE-BASED PAYMENT ARRANGEMENTS

The following is the movement of performance rights during the period:

Movement of Performance Rights year ended 30 June 2021

Performance rights Series	Balance at 1 July 2020	Granted ^(a)	Vested ^(b)	Forfeited ^(c)	Balance at 30 June 2021
2021 Series	15,241,298	-	(10,668,909)	(4,572,389)	-
2022 Series	10,442,031	-	-	-	10,442,031
2023 Series	-	7,945,729	-	-	7,945,729
Total	25,683,329	7,945,729	(10,668,909)	(4,572,389)	18,387,760

Movement of Performance Rights year ended 30 June 2020

Performance rights Series	Balance at 1 July 2019	Granted ^(a)	Vested ^(b)	Forfeited ^(c)	Balance at 30 June 2020
2020 Series	18,318,801	-	(10,991,282)	(7,327,519)	-
2021 Series	15,241,298	-	-	-	15,241,298
2022 Series	-	10,442,031	-	-	10,442,031
Total	33,560,099	10,442,031	(10,991,282)	(7,327,519)	25,683,329

31 SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

(a) Performance rights granted during the year ended 30 June 2021:

Performance rights were granted to the Managing Director, Key Management Personnel, Senior Management and other operational employees during the period. The performance rights are split into four tranches based on different performance conditions measured over a period commencing 1 July 2020 to the vesting date which is 30 June 2023 if the conditions are met.

Details of the performance rights granted during the period are summarised below:

Performance Rights (2023 series) – Managing Director

	Tranche A		Tranche B		Tranche C		Tranche D	Total
Number of performance rights	763,052		305,220		305,220		152,610	1,526,102
Value per right	\$0.188		\$0.195		\$0.195		\$0.195	
Valuation per tranche	\$143,454		\$59,518		\$59,518		\$29,759	\$292,249
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - 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		

31 SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

Performance Rights (2023 series) – Senior Management

	Tranche A		Tranche B		Tranche C		Tranche D		Total
Number of performance rights	3,209,815		1,283,924		1,283,924		641,964		6,419,627
Value per right	\$0.172		\$0.179		\$0.179		\$0.179		
Valuation per tranche	\$552,089		\$229,822		\$229,822		\$114,912		\$1,126,645
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance		In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - 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			

(b) In accordance with the terms of the Red 5 Rights Plan, performance rights that were issued to key management personnel, senior management have vested following the partial achievement of performance conditions measured over the three years ended 30 June 2021 and were converted to shares subsequent to 30 June 2021.

(c) Unmet performance conditions have lapsed as at 30 June 2021, as a result they have been forfeited.

(d) Details of Performance rights granted during the year ended 30 June 2020 are summarised below:

Performance Rights (2022 series)

	Tranche A		Tranche B		Tranche C		Tranche D		Total
Number of performance rights	5,221,017		2,088,403		2,088,403		1,044,208		10,442,031
Value per right	\$0.251		\$0.256		\$0.256		\$0.256		
Valuation per tranche	\$1,310,475		\$534,631		\$534,631		\$267,317		\$2,647,055
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance		In addition, vesting of the 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 2022.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - 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			

31 SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

Fair Value of Performance Rights

The fair value at grant date of Tranche A which has 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.

The table below summarises the terms and conditions of the grant and the assumptions used in estimating fair value for performance rights outstanding as at 30 June 2021:

	Managing Director (2023 series)	Senior Management (2023 series)	Performance Rights (2022 series)
Model Inputs			
Grant date	18 Nov 2020	14 Dec 2020	20 Nov 2019
Value of the underlying security at grant date	\$0.26	\$0.245	\$0.30
Exercise price	nil	nil	nil
Dividend yield	nil	nil	nil
Risk free rate	0.105%	0.105%	0.71%
Volatility	All tranches: 80%	All tranches: 80%	All tranches: 70%
Performance period (years)	3.00	3.00	3.00
Commencement of measurement period	1 July 2020	1 July 2020	1 July 2019
Vesting date	30 June 2023	30 June 2023	30 June 2022
Remaining performance period (years)	2.61	2.54	2.61
Weighted average fair value per option	\$0.192	\$0.176	\$0.25
No. performance rights	1,526,102	6,419,627	10,442,031
Total valuation	\$292,249	\$1,126,645	\$2,647,055

Shares issued, Service and Deferred Rights

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised up to reporting date	Outstanding at 30 June 2021
Deferred rights issued and vested: Jason Greive ^(b)	30-Jun-21	30-Jun-21	\$75,000	412,501	-	412,501
Service rights issued and vested: John Tasovac ^(a)	24-Nov-20	30-Jun-21	\$26,744	102,861	-	102,861
Deferred rights issued and vested: John Tasovac ^(b)	25-Nov-20	25-Nov-20	\$26,744	102,861	(102,861)	-
Service rights issued and vested: Brendon Shadlow ^(a)	24-Nov-20	30-Jun-21	\$20,950	80,577	-	80,577
Deferred rights issued and vested: Brendon Shadlow ^(b)	25-Nov-20	25-Nov-20	\$20,950	80,577	(80,577)	-

(a) Service Rights issued under the Red 5 Limited Rights Plan which vest only if the employee remains employed by the company as at 1 July 2021 (being a period of 1 year after the end of the award measurement period). Both Mr Tasovac and Mr Shadlow were employed on that date and the rights vested on 30 June 2021 and automatically exercised into ordinary shares.

(b) Deferred Rights issued under the Red 5 Limited Rights Plan which vest immediately upon issue and automatically exercised into restricted shares which are subject to disposal restrictions until 30 June 2022 for Mr Tasovac and Mr Shadlow and 30 June 2023 for Mr Greive.

Share based payments expense for the shares issued, service and deferred rights was \$0.124 million, (2020: \$0.381 million). The fair value is based on observable market share price at the date of grant.

32 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 two customers 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	
	2021 \$'000	2020 \$'000
Trade and other receivables	9,861	11,797
Cash and cash equivalents	17,415	116,220
Non-current receivables	28,810	257

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.

Notes to the Consolidated FINANCIAL STATEMENTS for the year ended 30 June 2021 (cont.)

32 FINANCIAL RISK MANAGEMENT (cont.)

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

	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	More than 1 year
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2021					
Trade and other payables	39,787	(39,787)	(39,787)	-	-
Lease liabilities	10,153	(12,715)	(4,601)	(1,784)	(6,330)
	49,940	(52,502)	(44,388)	(1,784)	(6,330)
As at 30 June 2020					
Trade and other payables	41,921	(41,921)	(41,921)	-	-
Lease liabilities	11,110	(12,715)	(4,601)	(1,784)	(6,330)
	53,031	(54,636)	(46,522)	(1,784)	(6,330)

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 2021 there were commitments over future sales of gold from the King of the Hills operation (refer to note 26). These are accounted for using own exemption and not regarded as financial instruments. The following table sets out the current hedge position and fair value as at 30 June 2021:

	No. of contracts	Gold sold	Maturity		
			0-6 months \$'000	7-12 months \$'000	More than 1 year \$'000
As at 30 June 2021	-	-	-	-	-
As at 30 June 2020	7	67,000 oz	(13,652)	(15,330)	(4,392)

Gold price sensitivity

The carrying amount of derivative financial instruments are valued using appropriate valuations models with inputs such as forward gold prices. The potential effect of using reasonably possible alternative assumptions in these models, based on changes in the forward gold price by 10 per cent while holding all other variables constant, is shown in the following table:

	Carrying amount \$'000	Other Comprehensive Income	
		10% increase \$'000	10% decrease \$'000
30 June 2021			
Derivative financial instruments	-	-	-
30 June 2020			
Derivative financial instruments	33,375	(12,134)	12,134

32 FINANCIAL RISK MANAGEMENT (cont.)

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.

Sensitivity analysis

A 10 per cent strengthening of the Australian dollar against the United States dollar on the 30 June 2021 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 the prior year.

	CONSOLIDATED Profit or loss
	A\$'000
30 June 2021 – US\$	3
30 June 2020 – US\$	62

A 10 per cent weakening of the Australian dollar against the above currencies at 30 June 2021 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	
	2021 \$'000	2020 \$'000
Cash and cash equivalents	17,415	103,344
Restricted cash	20,500	-
Security deposits	8,306	195
	46,221	103,539

32 FINANCIAL RISK MANAGEMENT (cont.)

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points or decrease of 50 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 in 2021 an average of 0.5% interest rate is in place across all cash balances and that all other variables remain constant. Prior to 2020 the analysis assumed an increase or decrease of 100 basis points in interest rates.

	Profit or loss		Equity	
	100bp increase	50bp/100bp decrease	100bp increase	50bp/100bp decrease
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000
30 June 2021				
Variable rate instruments	462	(231)	462	(231)
30 June 2020 (restated)				
Variable rate instruments	1,035	(518)	1,035	(518)

NET FAIR VALUES

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

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.

33 FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities carried at amortised cost approximate their carrying value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest - level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest - level input that is significant to the fair value measurement is unobservable

The following financial assets and liabilities are classified as level 2:

▲ Derivative Financial Instruments, liability of \$nil (30 June 2020: liability of \$33.375 million).

34 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
- ▲ Greenstone Resources (WA) 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. Greenstone Resources (WA) Pty Ltd became party to the Deed of Cross Guarantee on 30 June 2021.

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 2021 is set out as follows:

(a) Statement of Other Comprehensive Income

	CLOSED GROUP	
	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Sales revenue	173,358	138,744
Cost of sales	(171,050)	(97,994)
Gross profit	2,308	40,750
Other income and expenses		
Other income	527	734
Administration and other expenses	(11,471)	(21,492)
Exploration expenditure	(3,217)	(4,608)
Operating (loss)/profit	(11,853)	15,384
Finance income	347	211
Finance expenses	(57,960)	(1,674)
Net financing expense	(57,613)	(1,463)
Profit/(loss) before tax	(69,466)	13,921
Income tax (expense)/benefit	4,788	(6,628)
(Loss)/profit after tax for the year	(64,678)	7,293
Other comprehensive income/(loss)		
Changes in fair value of cashflow hedges, net of tax	24,787	(21,550)
Ineffective portion of cash flow hedges	(4,748)	6,354
Total comprehensive profit/(loss) for the year	(44,639)	(7,903)

Notes to the Consolidated FINANCIAL STATEMENTS for the year ended 30 June 2021 (cont.)

34 DEED OF CROSS GUARANTEE (cont.)

(b) Statement of Financial Position

	CLOSED GROUP	
	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Assets		
Cash and cash equivalents	17,374	104,681
Trade and other receivables	9,858	10,165
Inventories	26,572	20,065
Total current assets	53,804	134,911
Trade and other receivables	50,490	232,153
Property, plant and equipment	136,814	58,776
Intangible assets	100,247	2,140
Investments	658	658
Deferred tax asset	-	4,058
Total non-current assets	288,209	297,785
Total assets	342,013	432,696
Liabilities		
Trade and other payables	40,953	21,639
Employee benefits	5,498	5,047
Income tax payable	-	1,791
Lease liabilities	3,529	3,779
Derivative financial instruments	-	28,983
Total current liabilities	49,980	61,239
Trade and other payables	-	129,281
Employee benefits	421	-
Provisions	52,926	24,710
Lease liabilities	-	5,172
Financial liability	6,624	11,853
Derivative financial instruments	-	4,392
Deferred tax liability	1,533	-
Total non-current liabilities	61,504	175,408
Total liabilities	111,484	236,647
Net assets	230,529	196,049
Equity		
Contributed equity	444,877	383,887
Other equity	930	930
Reserves	34,041	(16,337)
Accumulated losses	(249,319)	(172,431)
Total equity	230,529	196,049

35 PARENT ENTITY DISCLOSURES

	PARENT ENTITY	
	Year ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
(a) Finance position		
Assets		
Current assets	3,595	93,589
Non-current assets	154,964	308,560
Total assets	158,559	402,149
Liabilities		
Current liabilities	4,246	200,261
Non-current liabilities	3,497	5,839
Total liabilities	7,743	206,100
Equity		
Contributed equity	442,626	383,887
Other equity	930	930
Reserves	4,587	(16,337)
Accumulated losses	(297,327)	(172,431)
Total equity	150,816	196,049
(b) Finance performance		
Profit/(loss) for the year	(64,678)	7,293
Other comprehensive income	20,039	(15,196)
Total comprehensive profit/(loss) for the year	(44,639)	(7,903)
(c) Financial commitments		
Low value and short term leases:		
- Not later than one year	-	-
Total financial commitments	-	-

(d) Contingent liabilities

The parent entity did not have any contingent liabilities at 30 June 2021 (2020: \$nil).

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 34.

36 SUBSEQUENT EVENTS

Sale of Siana gold mine (Philippines)

In July 2021 the Group entered into a binding agreement with TVI Resource Development (Phils.) Inc. (TVIRD) to divest its interests in Philippine affiliated company Greenstone Resources Corporation (GRC), which holds both the Siana Gold Project (Siana) and the Mapawa Gold Project. TVIRD is the Philippine affiliate of the Canadian-listed TVI Pacific Inc.

TVIRD will become the 100% owner of GRC and therefore the divestment includes the process plant and all other infrastructure at Siana. A royalty of 3.25% payable for up to 619,000 ounces of gold will be payable to the Group from first gold from the restart of the Siana processing plant.

Upon completion of all closing conditions of the agreement the Group will receive gross proceeds of US\$19 million through the repayment of outstanding shareholder advances due from its Philippine-affiliated company, Red 5 Asia Inc, which is a shareholder of GRC.

Project finance facility for the KOTH Project

Financial close was achieved for the \$175 million Project Finance Facility for the KOTH Project on 30 June 2021. Subsequent to year end, the first draw-downs were completed (refer to note 15).

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

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 2021 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.
- (d) At the date of the declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

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 2021.

Signed in accordance with a resolution of the Directors.



Kevin Dundo
Chairman

Perth, Western Australia
31 August 2021



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 2021 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 2021
- 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 (including Independence Standards)* (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:

- Sales Revenue; and
- Accounting for Siana Gold Project discontinued operation.

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, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



Sales Revenue (\$173.358 million)	
Refer to Note 5(a) to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Existence and accuracy of sales revenue is a key audit matter due to its significance to the consolidated financial statements combined with the incremental audit effort assessing the application of relevant accounting standards. Gold sales revenue from the Group's Darlot and King of the Hills (KOTH) operations was the most significant item in the consolidated statement of profit or loss (\$173.358 million).</p> <p>We focused on the following judgements the Group applied in determining sales revenue:</p> <ul style="list-style-type: none"> Assessing the revenue recognised against the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>; The application of hedge accounting in accordance with AASB 9 <i>Financial Instruments</i>, in particular, the early termination of the gold forward contracts during the year. The Group engages external experts to prepare hedge documentation and determine hedge ineffectiveness. The application of the "own-use" exemption for gold forward contracts entered into as part of a new debt facility. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> We considered the appropriateness of the Group's accounting policies for the recognition of sales revenue and hedge accounting against the requirements of the accounting standards For gold sales recognised during the year we obtained the sales invoice and compared the quantity sold against third party statements from the refinery and cash received in the bank; For a sample of sales recorded close to year end, we tested against the recognition criteria of AASB 15 checking control had passed to the customer to the date of the third party statements; We compared the Group's realised cashflow hedging gains and losses to external counterparty statements for gold forward hedges during the year; For gold forward contracts terminated early and where production designated against the hedge is expected to occur post 30 June 2021, we checked the recognition of the realised gain related to the effective component in the hedge reserve against the requirements of the accounting standard. For new gold forward contracts where "own-use" exemption was applied, we checked the gold forward contracts, compared to the Group's gold production forecasts and inquired with finance and operational personnel as to the intention to deliver physical gold in those contracts in accordance with the requirements of the accounting standards to apply the own-use exemption; and We assessed the scope, objectivity and competence of the Group's external experts engaged for the preparation of hedge documentation and effectiveness assessment.

For personal use only



Accounting for Siana Gold Project discontinued operation	
Refer to note 23 to the Financial Report.	
The key audit matter	How the matter was addressed in our audit
<p>On 28 July 2021, the Group entered an agreement to sell Greenstone Resources Corporation (GRC), the Group's subsidiary holding the interest in the Siana Gold Project (Siana) in the Philippines.</p> <p>The agreement is subject to a number of conditions including regulatory approvals.</p> <p>The financial results of Siana, including the impairment, are presented as discontinued operations in the Financial Report. The assets and liabilities of Siana are presented as held for sale, resulting in a classification as current.</p> <p>The divestment is considered a key audit matter due to the:</p> <ul style="list-style-type: none"> financial significance of Siana to the Group's financial statements; judgement applied by the Group in the identification of assets and liabilities as held for sale for the disposal group and the presentation of its results as discontinued operations including the impairment loss on disposal. We focussed on the consistency of application of Group's judgements; judgement involved by the Group in determining the fair value of the asset and liabilities being disposed of, in particular, the determination of the fair value of the sale consideration, given part of the consideration is a royalty based on future gold production at Siana, increasing estimation uncertainty. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> Reading the relevant transaction documents to understand the key terms and conditions of the divestment; Checking the consideration for the divestment to the transaction documents and the Group's underlying financial records; Assessing the Group's identification of assets and liabilities disposed of to the relevant clauses of the transaction document and underlying financial records; Assessing the exclusion of the royalty on future gold production from the sale consideration to determine the fair value of the asset and liabilities being disposed of and the impairment loss, against the requirements of the accounting standards; Using our tax specialists, evaluating the associated tax implications of the divestment against the requirements of the Philippines tax legislation; Assessing the Group's presentation of its discontinued operations including the impairment loss on disposal, against the requirements of the accounting standards; We recalculated the loss from discontinued operation, including impairment of discontinued operation, against the recorded amount disclosed by the Group. We checked selling costs to underlying documentation such as, invoices and agreements with third parties; We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards including the restatement of Siana as a held for sale and a discontinued operation.

For personal use only



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, and the Corporate Directory. The Chairman's Review, Managing Director's Report, Resources and Reserves Statement, Tenement Schedule and Statement of Shareholders 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 and will 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.

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2021, 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 pages 24 to 35 of the Directors' report for the year ended 30 June 2021

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

KPMG

R Gambitta
Partner

Perth

31 August 2021

For personal use only

STATEMENT OF SHAREHOLDERS as at 17 September 2021

DISTRIBUTION OF SHARE AND RIGHTS HOLDERS

			Number of holders	
			Fully paid shares	Unlisted rights
1	-	1,000	699	-
1,001	-	5,000	1,990	-
5,001	-	10,000	1,407	-
10,001	-	100,000	4,054	13
100,001		and over	1,139	56
			9,289	69
Including holdings of less than a marketable parcel			1,245	

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.

TWENTY LARGEST HOLDERS OF FULLY PAID SHARES

Shareholder	Shares	%
1. HSBC Custody Nominees (Australia) Limited	729,354,408	30.95
2. Citicorp Nominees Pty Ltd	282,724,219	12.00
3. JP Morgan Nominees Australia Pty Ltd	218,590,727	9.28
4. VBS Exchange Pty Ltd	102,268,703	4.34
5. UBS Nominees Pty Ltd	75,145,203	3.19
6. VSG Resources Pty Ltd	45,917,962	1.95
7. BNP Paribas Nominees Pty Ltd	45,222,265	1.92
8. Broadgate Investments Pty Ltd	34,187,439	1.45
9. BNP Paribas Noms Pty Ltd	27,013,912	1.15
10. CS Third Nominees Pty Ltd	23,535,264	1.00
11. Gary B Branch Pty Ltd	18,500,000	0.78
12. National Nominees Limited	16,144,583	0.68
13. CS Fourth Nominees Pty Ltd	15,313,915	0.65
14. MOE Williams Pty Ltd	9,884,405	0.42
15. McNeil Nominees Pty Ltd	8,888,530	0.38
16. Provedore Holdings Pty Ltd	8,690,477	0.37
17. John Colin Loosemore and Susan Loosemore	7,697,068	0.32
18. BNP Paribas Nominees Pty Ltd	7,267,294	0.31
19. Brazil Farming Pty Ltd	6,900,000	0.29
20. BNP Paribas Nominees Pty Ltd	6,832,351	0.29
	1,690,078,725	71.72

STATEMENT OF SHAREHOLDERS (cont.)

SUBSTANTIAL SHAREHOLDERS

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

Shareholder	Number of shares	%
Victor Smorgon Partners Pty Ltd	239,303,264	10.16
Franklin Resources Inc	233,466,976	9.91
Regal Funds Management Pty Ltd	147,559,634	6.26

UNQUOTED SECURITIES

The following classes of unquoted securities are on issue:

Security	Number on issue	Holders of greater than 20% of each class of security		
		Name of holder	Number	%
Performance rights (2022)	10,442,031	-	-	-
Performance rights (2023)	7,945,729	-	-	-

CORPORATE GOVERNANCE STATEMENT

The Company's 2021 corporate governance statement can be viewed at <https://www.red5limited.com/site/about-red5/corporate-governance>

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*)
Andrea Sutton (*Non-Executive Director*)

COMPANY SECRETARY

Frank Campagna

REGISTERED OFFICE

Level 2
35 Ventnor Avenue
West Perth Western Australia 6005

Telephone: (61-8) 9322 4455
E-mail: info@red5limited.com
Web-site: www.red5limited.com

SHARE REGISTRY

Automic Pty Ltd
Level 2
267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664
E-mail: hello@automicgroup.com.au
Web-site: www.automicgroup.com.au

BANKERS

Hongkong and Shanghai Banking
Corporation Limited
Macquarie Bank Limited
BNP Paribas

AUDITORS

KPMG

SOLICITORS

HopgoodGanim
SyCip Salazar Hernandez & Gatmaitan
(Philippines)

STOCK EXCHANGE LISTING

Australian Securities Exchange
Trading code: RED

For personal use only



For personal use only



RED 5 Limited

ABN 73 068 647 610

www.red5limited.com