



Annual Report  
**2020**



**“ Our vision is to be a successful multi-operational exploration and mining company, providing benefits to all stakeholders through the consistent application of technical excellence and responsible and sustainable industry practices. ”**

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Red 5 Limited (ABN 73 068 647 610) is an Australian-based gold producer with established mining projects located in the Eastern Goldfields of Western Australia and in the Philippines.

The Company is listed on the Australian Securities Exchange (Ticker: RED) with around 7,000 shareholders including a strong Australian and international institutional shareholder base.

Red 5 owns and operates the Darlot Gold Mine located approximately 900 kilometres north-east of Perth in the Leonora-Leinster mineral province of Western Australia and the nearby King of the Hills (KOTH) Gold Project. Ore from Darlot is processed at the 0.83Mtpa Carbon-in-Pulp (CIP) and Carbon-in-Leach (CIL) gold processing plant located on-site, which is currently operating at a throughput rate of 1.0Mtpa.

Red 5 has delivered an increase in Mineral Resources and Ore Reserves at Darlot with an objective to further increase mine life through the conversion of additional Mineral Resources to Ore Reserves, new discoveries and bolt-on acquisitions in the region.

In addition, a final feasibility study has been completed for a stand-alone 4Mtpa bulk mining and processing operation at the KOTH project, located 80kms south of the Darlot mine. The feasibility study outlined an ore reserve of 2.4Moz of contained gold for the KOTH project. Early project development works have commenced and subject to debt financing and a final investment decision, first gold production is scheduled for the June 2022 quarter.

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



### WEST AUSTRALIAN GOLD OPERATIONS

#### Mining and Processing

- ▲ Proactive response to the COVID-19 global pandemic, with the successful implementation of a Management Response Plan to ensure the health, safety and well-being of our people and minimising operational disruptions.
- ▲ Gold production of 92,779oz for FY20, recovered from a total of 943,861 tonnes of ore processed at an average head grade of 3.3g/t Au.
- ▲ Darlot processing plant consistently operated above its design capacity of 0.83Mtpa.
- ▲ Operational changes implemented, improving mine dilution performance and enhancing the long-term stability of the Darlot mining operation.
- ▲ Transitional production strategy implemented for FY21, based on the Great Western satellite mine to feed the Darlot Mining Hub mine plan. Current underground mining at King of the Hills (KOTH) to be progressively scaled down in 1H FY21 ahead of the planned start of construction activities for the stand-alone bulk mining and processing operation at KOTH.

#### King of the Hills (KOTH) Bulk Mining Feasibility Study

- ▲ Final Feasibility Study for the bulk mining operation at KOTH completed in September 2020.
- ▲ Second-hand 240-room camp accommodation, office and wastewater treatment plant purchased ahead of the planned commencement of early works at KOTH in the December 2020 Quarter.
- ▲ Commercial processes underway for crusher and mill purchase and tendering of EPC and mine services contracts for KOTH.

#### Exploration and Resource Development

- ▲ Updated JORC 2012 Ore Reserve and Mineral Resource estimates completed for the Darlot Gold Mine.
- ▲ Updated JORC 2012 KOTH bulk mining Mineral Resource estimate completed for the Eastern Margin Contact Zone, containing 4.1 million ounces of contained gold.
- ▲ Maiden JORC Resource estimates completed for the Cerebus-Eclipse and Centauri satellite deposits, further extending the pipeline of potential early mill feed sources for the proposed KOTH bulk mining operation.
- ▲ Acquisition of several highly prospective tenements within economic trucking distance of the Darlot mill, including the Great Western, Cables and Mission gold deposits and the Emperor and King of the West group of tenements.

### FINANCIAL RESULTS

- ▲ Total gold sales of 92,953 ounces for \$200.33 million for FY20.
- ▲ Equity capital raising of \$125 million completed in March 2020.
- ▲ Net profit after tax of \$4.54 million for the 12 months to 30 June 2020.

*“ At the end of the reporting period, the Company stands on the cusp of achieving its goal of establishing two independent production hubs in the prolific Eastern Goldfields region of Western Australia. ”*

*Red 5 Chairman,  
Kevin Dundo*

# Message to Shareholders **FROM THE CHAIRMAN**

## Dear Shareholders

Despite what has been an eventful and at times turbulent macro environment, overall, the 2020 financial year has been a successful period for Red 5. At the end of the reporting period, the Company stands on the cusp of achieving its goal of establishing two independent production hubs in the Eastern Goldfields region of Western Australia.

The Company has completed the Final Feasibility Study (FFS) for the integrated bulk open pit and underground mining and processing operation at King of the Hills (KOTH).

The KOTH mine development, in conjunction with our existing Darlot mining operation, has the potential to increase our group production profile and elevate Red 5 into the ranks of Australia's mid-tier gold producers.

During the year, Red 5 increased the bulk Mineral Resource base at KOTH by 31% to 4.1 million ounces of contained gold, cementing its status as one of the top-20 potential gold mines in Australia.

Red 5's progress over the past year is reflected by the strong support for a \$125 million capital raising completed in March 2020, which significantly strengthened the Company's balance sheet and placed us in a strong position as we progress towards the KOTH development and steps to secure project debt funding.

I am pleased to say that Red 5 responded proactively to the COVID-19 global pandemic and to date, there has been no direct impact on gold production as a result of COVID-19. Red 5 continues to actively monitor the evolving situation to minimise any risk to our operations, our people or to the communities in which we operate.

Gold production for FY20 was below target totalling 92,779 ounces. Our efforts to achieve target were adversely impacted by production and mine scheduling delays, short-term crusher and ball mill performance issues at Darlot and lower grades than planned at KOTH. Red 5 has since implemented measures to stabilise production and improve predictability. The Company completed a detailed review of the Darlot gold mining operations late in the reporting period, with changes implemented resulting in an improvement in mine dilution and recoveries.

Red 5 has also articulated a transitional production strategy that maps out a clear direction for the Company over the next 18-24 months as we move towards the targeted start of construction at KOTH. With the Darlot processing plant currently receiving around half of its feed from KOTH, Red 5 is working to expand the Darlot underground mining activity and introduce satellite feed to underpin a long-term, stand-alone processing operation with no ongoing contribution from KOTH.

The first step in this transition will be the start of open pit mining at the nearby Great Western deposit, which Red 5 acquired in April 2020, where we are expecting first ore to the Darlot mill in the December 2020 Quarter.

In addition, we will progressively scale-down underground ore production at KOTH in the first half of FY21 to coincide with the planned start of site construction for the bulk mining operation. Red 5 mining personnel at KOTH will be utilised at the Darlot and Great Western mining operations during FY21 until the start of the planned stand-alone bulk mining operation at KOTH.

Another key element of our Darlot Mining Hub strategy centres on exploration and resource development, with an increase in both Reserves and Resources at Darlot during the reporting period, net of mining depletion.

A multi-pronged exploration program is underway at Darlot comprising both underground exploration drilling and near-mine regional surface exploration. Red 5 acquired several highly prospective tenements during the year that lie within economic trucking distance of the Darlot mill and these targets will be progressively tested over the coming months.

In addition to our core Western Australian assets, Red 5 also retains an interest in the Siana Gold Project in the Philippines, where mining operations were suspended in April 2017. We are continuing to evaluate opportunities to maximise the value from these assets for shareholders.

As we look to the future, the coming 12 months is set to be a transformational period for Red 5 with the imminent delivery of the KOTH development and with existing cash resources and planned debt financing facilities positioning the Company to efficiently transition into production at KOTH in the first half of the 2022 calendar year.

The exceptional progress we have made over the past year is due to the hard work and commitment of the Red 5 team, led by our Managing Director Mark Williams. I would like to extend my sincere thanks to the entire team for their efforts, particularly given the challenges presented by the COVID-19 pandemic.

I would also like to acknowledge the strong support of our shareholders throughout the year.

With the foundations put in place to date, Red 5 has a clear pathway to emerge as a significant mid-tier gold producer at a time of record strength in the Australian gold sector.



**Kevin Dundo**  
Chairman

18 September 2020



# Message to Shareholders FROM THE MANAGING DIRECTOR

The past financial year has seen Red 5 make significant progress towards realising the Company's vision of becoming 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.

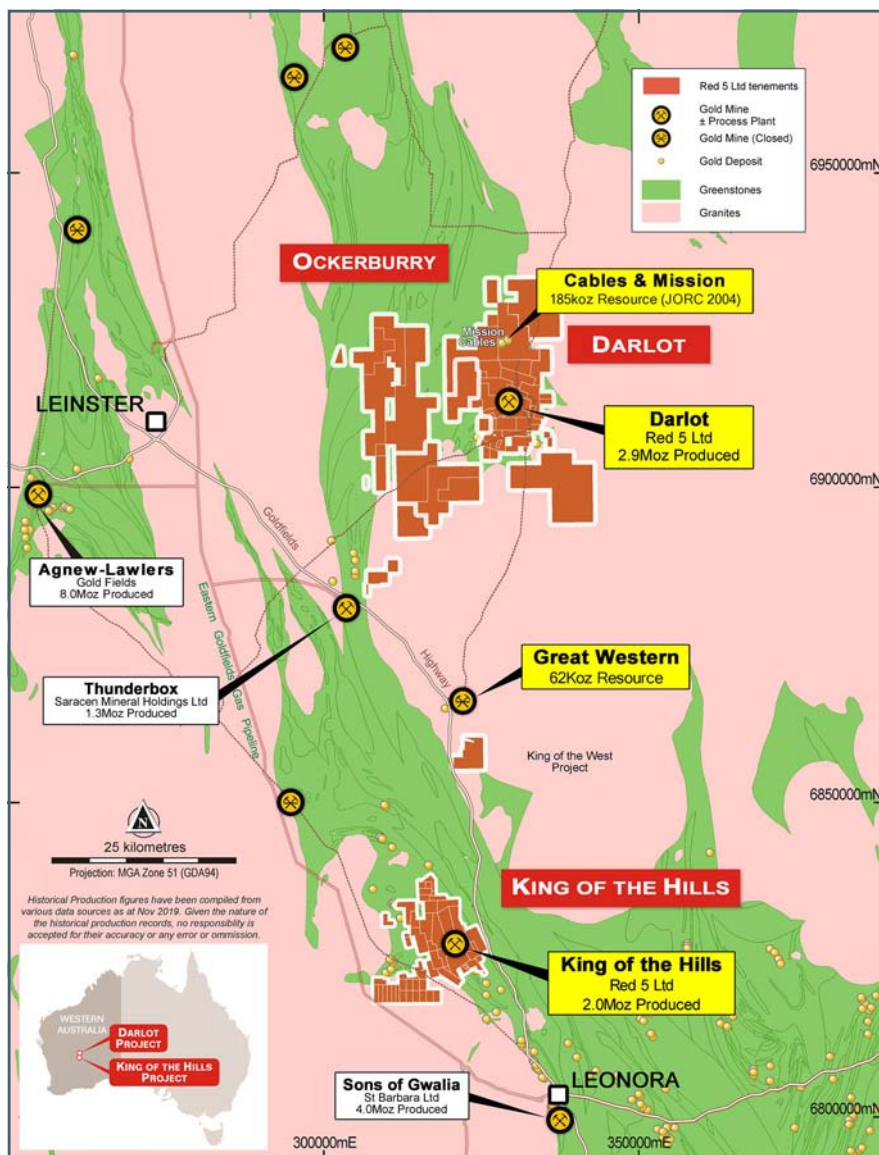
The continued growth in the Company's market capitalisation and profile during the year reflected an enormous amount of hard work, dedication and commitment by all members of the Red 5 team. Our employees have been supported by an equally dedicated group of contractors who have helped oversee a growing and diversifying business which includes the full spectrum of activities required for a successful gold mining business – from grass-roots exploration through to the mining, processing and production of gold.

Of the many achievements during the year, one of the most important has been the Final Feasibility Study (FFS) for the bulk mining and processing operation at King of the Hills (KOTH). This represents an outstanding achievement in a year that has seen so much uncertainty and upheaval in the form of the COVID-19 pandemic.

Red 5's mining operations over the past year delivered total gold production from Darlot and KOTH of 92,779 ounces at an all-in sustaining cost (AISC) of A\$1,798 per ounce of gold sold.

Exploration success, particularly at KOTH, has been one of the keys to Red 5's growth over the past few years. Our exploration, geology and mining teams once again delivered significant uplifts in both the KOTH bulk Mineral Resource and the Darlot Reserve and Resource base, as well as maiden Mineral Resource estimates for several near-mine open pit deposits surrounding KOTH.

Exploration will remain a key focus in FY21, particularly at Darlot where several strategic bolt-on acquisitions were made during the year to significantly expand the Company's tenement position. Red 5's exploration strategy at Darlot is aimed at establishing the Darlot Gold Mine as a stand-alone mining and processing hub, with a targeted 5-10 year mine life, with no ongoing contribution of ore from the stand-alone KOTH operation.



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

## HEALTH AND SAFETY

The Company's Darlot mine is certified to OHSAS 18001, a leading health and safety standard and work has commenced on upgrading management systems to the new ISO 45001 standard, which provides additional benefits including:

- ▲ implementation of a more integrated approach to health and safety management, with our company leaders driving performance;
- ▲ an emphasis on identifying potential risks and employing pre-emptive measures; and
- ▲ inclusion of suppliers and contractors in the management of health and safety.

The Company continues to strive to develop a culture of safety leadership within the organisation and firmly embed safety management as a line management responsibility. This is achieved through:

- ▲ utilisation of fit-for purpose management systems aligned to critical control management; and
- ▲ continued support for the Red 5 behaviour based programme, Vital Behaviours, to embed the right safety behaviours and choices at crucial moments at work.

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.

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. Red 5 continues to fully adhere to all relevant government regulations.

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

## **EASTERN GOLDFIELDS, WESTERN AUSTRALIA**

Red 5 holds an extensive 365km<sup>2</sup> strategic footprint in the world-class Leonora-Leinster mineral district of Western Australia, which includes the operating Darlot and KOTH gold mines. Mining operations continued at both mines throughout the reporting period, with KOTH ore trucked to Darlot for milling through the processing plant.

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.

Following the identification of a large-scale potential bulk mining opportunity at KOTH during FY19, Red 5 has during the recent reporting period, increased the total bulk Mineral Resource to 4.1 million ounces of contained gold and has completed the KOTH FFS.

## **WEST AUSTRALIAN GOLD OPERATIONS**

### **Production summary**

A total of 92,779 ounces of gold was recovered for the 12 months to 30 June 2020 with ore sourced from the Darlot gold mine and from KOTH.

A summary of key production statistics for FY-20 is provided below:

#### *Darlot Gold Mine – Mine production statistics*

	<b>FY-20</b>	<b>FY-19</b>
Mined tonnes	<b>574,980t</b>	496,896t
Mined grade	<b>3.46g/t</b>	4.43g/t
Contained gold in ore	<b>63,921oz</b>	70,801oz

#### *KOTH Gold Mine – Mine production statistics*

	<b>FY-20</b>	<b>FY-19</b>
Total mined tonnes	<b>567,121t</b>	403,355t
Mined grade	<b>2.57g/t</b>	3.15g/t
Contained gold in ore	<b>46,920oz</b>	40,844oz
Ore trucked to Darlot for processing		
Total mined tonnes	<b>436,292t</b>	395,113t
Mined grade	<b>2.71g/t</b>	3.16g/t
Contained gold in ore	<b>38,075oz</b>	40,099oz
Ore stockpiled at KOTH		
Total mined tonnes	<b>130,829t</b>	26,676t
Mined grade	<b>2.10g/t</b>	1.48g/t
Contained gold in ore	<b>8,845oz</b>	1,267oz

In the latter part of the year, Red 5 undertook a comprehensive peer review (mine) and external review (geology) of mining operations and implemented the following operational initiatives:

- ▲ Addressed gaps in stope design, geology and mining management systems that were contributing to mine grade and dilution under performance;
- ▲ Added specific personnel resources to improve Resource modelling and grade control;
- ▲ At KOTH, adjusted stope designs to a combination of bulk mining and high-grade narrow vein stopes to deliver planned ore grades of ~3g/t Au;
- ▲ Introduced Short Interval Control and communication between key production areas, ensuring that volume and grade are delivered to plan;
- ▲ Implemented crusher improvements and reduced screen/material size, increasing throughput;
- ▲ Improved ROM pad and haulage contractor management;
- ▲ Made improvements to the transparency of mine reconciliation processes; and
- ▲ Commissioned an external technical review to assess modelling and reconciliation processes.

Following the progressive implementation of these changes, the Darlot mine has produced at forecast rates with average head grades improving to ~3.5g/t in June 2020. The variation in grade delivery also improved from 30% to 5%, resulting from reduced dilution and improving mill feed predictability.

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

## Processing

Crusher and mill availabilities were 79.6% and 98.1% respectively for FY20. A total of 943,861 tonnes of ore was milled at a throughput of 111 dry tonnes per hour.

### Darlot mill processing statistics

	FY-20	FY-19
Ore milled	943,861t	907,004t
Average head grade	3.30g/t	3.79g/t
Recovery	92.6%	92.4%
Gold recovered	92,779oz	102,012oz
Gold sales	92,953oz	98,240oz

Since its acquisition by Red 5 in October 2017, the Darlot processing plant has generally operated efficiently, however, a series of unplanned outages in the second half of the financial year had a considerable impact on the performance of the current year operations. Several preventative maintenance initiatives were executed during the year to improve the long-term reliability of the mill, including:

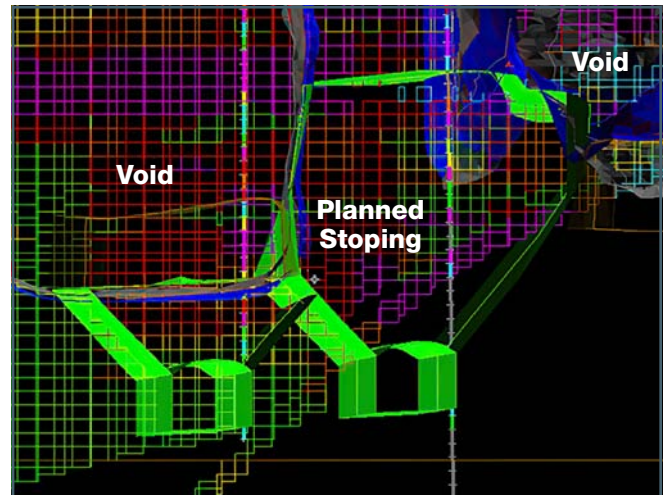
- ▲ A review and trial of Primary Ball Mill liner design, improving flow and stability and reducing or removing pegging and blockages at the discharge grates;
- ▲ Crushing plant structural reinforcement/realignment to reduce spillage, improve conveyor alignment and reduce belt failures, resulting in improved throughput;
- ▲ Replacement of the armoured chain conveyor for the apron feeder including increasing the size of the Haglan Drive, resulting in improvements in hydraulics, power and delivery;
- ▲ Introduction of a tank refurbishment program, including upgrades to the Leach Tank 1 agitator with central oxygen injection and complete rebuilds of Absorption Tanks A2 and A8. This has reduced downtime and increased absorption time to maintain high recovery levels; and
- ▲ Installation of primary and secondary gravity concentrators with the installation of a new Falcon unit.

## Mining activities - Darlot

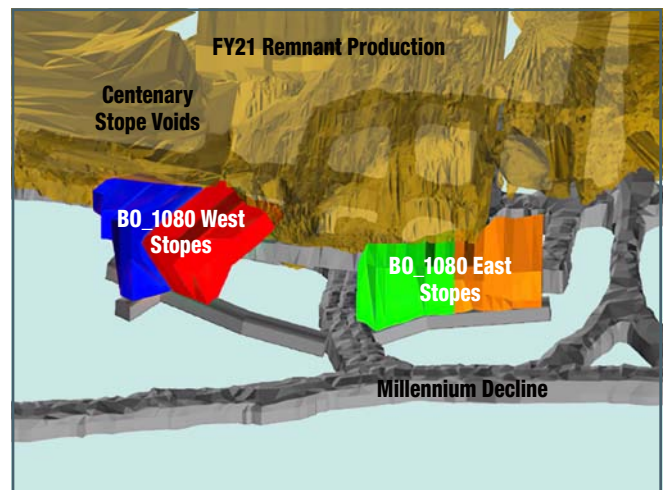
The high-grade Oval West deposit was the primary ore source from the Darlot Gold Mine, with bulk stoping continuing throughout most of FY20. The majority of high-grade stopes at Oval West were largely depleted by the end of the reporting period.

Bulk stoping was also undertaken in the Centenary (Lillie, Walters and Lords) and Burswood orebodies. Airleg mining was undertaken at the Pederson, Hurst, Metzke and Federation areas.

Additional remnant stoping fronts were identified in the Centenary orebody during the year and mined as a sub-level cave. Results were positive during the extraction period and mill performance confirmed higher grades than expected. Further similar remnant areas have been identified in close proximity and re-risked by grade control drilling for extraction in FY21. Airleg mining in the BO1040 and Hurst resulted in positive reconciliations with visible gold retrieved on numerous occasions.



Cross-section of BO1080 Panel A & B



FY21 Centenary remnant stopes

## Mining activities – King of the Hills

Mining at KOTH comprised bulk underground stoping, narrow vein stoping and airleg mining. Bulk stoping was undertaken at the W4920, the first level at KOTH designed specifically for bulk stoping, as well as on the W4954 B1, W4970 and W4952 levels.

Additional stoping was undertaken on the W5010, W4975, W4950 and E5050 levels from a mixture of bulk and narrow stopes. Narrow vein stopes were focused on the high-grade lodes on the north side of W4920 level with the Jon, Janos and Jaqen lodes. At the end of the reporting period, development had reached the W4985 level including the primary ventilation network.

With the acquisition of the Great Western project in April 2020, the opportunity is being taken to commence open pit mining from the December Quarter 2020 and progressively scale down underground ore production at KOTH in the second half of CY2020. This will coincide with the planned start of site construction for the proposed bulk mining operation at KOTH.



## 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. The FFS was completed in mid-September 2020.

As part of early works commitments, Red 5 acquired a 240-room portable accommodation complex, five laundries, a wastewater treatment plant and a 1,050 m<sup>2</sup> modular office building. This infrastructure is being delivered to the KOTH site and will be progressively installed. This will allow the Company to commence early site works at KOTH in the December 2020 Quarter.

Negotiations are also being finalised for final purchase agreements of a Single-Stage Semi-Autogenous Grinding (SAG) mill and a gyratory crusher.



Significant infrastructure already exists at King of the Hills including the mine portal and underground development.



Second-hand portable accommodation units comprising 240 rooms.

## EXPLORATION AND RESOURCE DEVELOPMENT

### DARLOT

#### Underground exploration

Underground exploration during FY20 focused on the Lords Felsics orebody, situated along the moderately northwest dipping Lords Fault which hosts the Lords South and Lords South Lower orebodies up-dip. The Lords Felsics orebody consists of flat lying extensional veins hosted in both magnetic dolerite and felsic porphyry intrusives within dolerite. The veins occur as tensional lodes between the Lords and parallel Pipeline Fault that was identified with 3D seismic data. Drilling successfully extended the high-grade central corridor of the orebody to the north and south as well as down-dip along the Lords Fault.

Drilling at Lords Felsics also targeted the Pipeline structure 200m east of the current Lords South Lower mine workings at the 600mRL (860m below surface). The structure is sub-parallel to the steep west-dipping Lords Structure. This drilling targeted the expected intersection of the Pipeline and flat Chappel lode up-dip of the existing Resource. The Pipeline was intersected at a greater depth than modelled with several mineralised zones present, thereby extending the Resource.

For FY21, approximately 22,500m of underground exploration drilling has been initially planned for Darlot, targeting Oval North West, Middle Walters South along the Eldorado trend, Lords Felsics Northern Extension, Eldorado North and Oval Flattening.



## Surface exploration

### Great Western

Red 5 signed an Option Agreement to purchase the Great Western project in November 2019 and subsequently undertook a programme of diamond and reverse circulation due diligence drilling. The Great Western gold deposit is located within 80km trucking distance of the Darlot Mill and represents a potential source of mill feed for the Darlot Mining Hub strategy.

Results from RC drilling confirmed the widths and grade of the main Great Western laminated quartz vein, with best results including:

- ▲ 9.0m @ 3.30g/t Au from 49.0m (19GWRC001)
- ▲ 14.0m @ 2.52g/t Au from 79.0m (19GWRC002)
- ▲ 8.0m @ 1.22g/t Au from 42.0m (19GWRC003)
- ▲ 20.0m @ 6.07g/t Au from 113.0m (19GWRC003)

### Cables and Mission

Red 5 signed an Option Agreement to purchase the Cables and Mission project, located 10km from Darlot, in December 2019, and undertook a program of due diligence drilling to validate historical drilling results and determine the potential of the Cables and Mission deposits.

This program comprised six reverse circulation drill holes for 858m, with best intercepts of:

- ▲ 7m @ 5.7g/t Au (20MIRC0001)
- ▲ 4m @ 14.7g/t Au (20MIRC0002)
- ▲ 5m @ 3.7g/t Au (20CBRC0003)

The Cables and Mission deposits are hosted within similar rock units, including magnetic dolerite, that host the Centenary orebody, 10km to the south. These magnetic dolerite units are an important host rock in the Darlot mine area and have historically produced high gold grades with good recoveries (typically >93%) through the Darlot processing plant.

Red 5 plans to undertake additional drilling programs and other feasibility activities to enable the estimation of a JORC 2012 compliant Mineral Resource.

## KING OF THE HILLS

### Bulk Mineral Resource update

Red 5 completed an 85,000-metre underground diamond drilling program at KOTH during FY20 aimed at:

- ▲ Converting as much of the existing Underground Resource into Ore Reserves for inclusion in the FFS;
- ▲ Reassessing the final pit shape to determine whether more of the underground Resource can be included in the pit due to grade uplift in both the North and South; and
- ▲ Testing potential extensions of the existing underground Resource along strike and down-dip.

In addition, the Company completed assaying of its inventory of ~32,000m of previously unassayed drill core from 518 historical diamond drill holes, confirming the presence of significant gold mineralisation and revealing significant zones in areas that had been assigned zero grade in the May 2019 Resource model.

Following the completion of these programs, in March 2020 Red 5 reported an updated bulk mining Mineral Resource estimate for the KOTH Gold Project comprising 90.7 million tonnes at 1.4g/t Au for an estimated 4.07 million ounces of contained gold.

Compared to the May 2019 Mineral Resource estimate, the March 2020 Mineral Resource model delivered a significant increase in the open pit component of the Mineral Resource (and a reduction in the underground Mineral Resource). This is due to a large proportion of the contained ounces within and outside of the May 2019 Underground Resource estimate now falling into the much larger optimised pit shell.

### Regional satellite deposits

During the reporting period, Red 5 completed regional surface drilling programmes at several near-mine targets at KOTH, aimed at defining potential open pit ore sources.

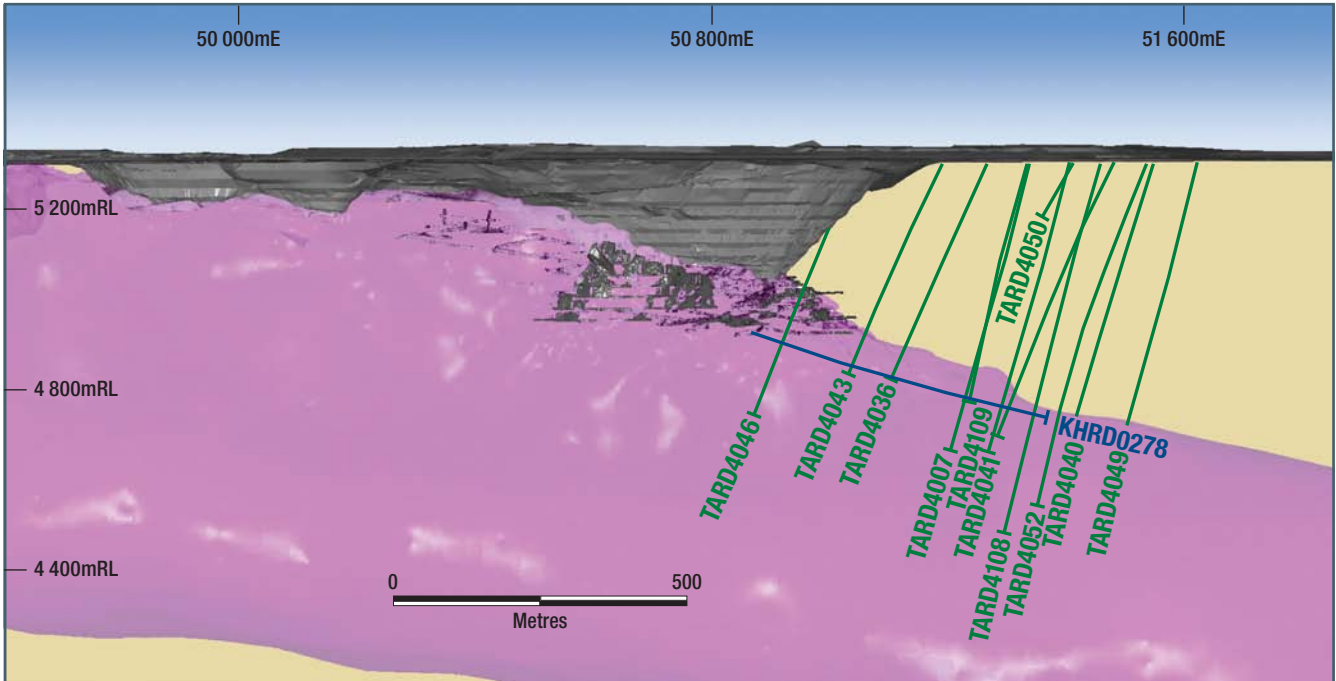
These drilling programs underpinned the delivery of maiden JORC 2012 Mineral Resource estimates for the Cerebus-Eclipse and Centauri near-mine deposits at KOTH, adding to the previously reported Resources for the Rainbow and Severn deposits delivered in FY19.

These satellite deposits are an important element of Red 5's proposed mining strategy for the KOTH Project, with the potential to provide open pit mill feed and cash flow in the early stages of a proposed bulk mining operation.

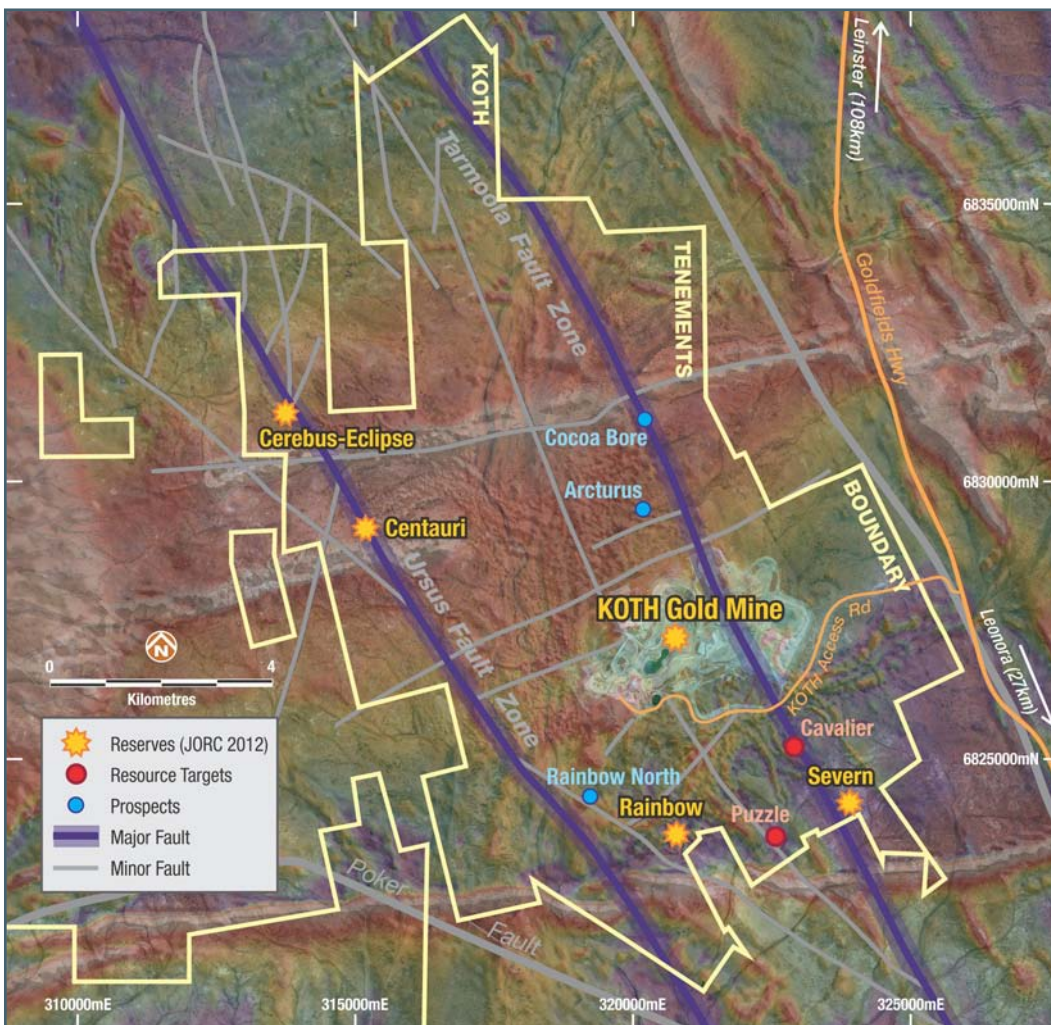
### Down-plunge deeps exploration

Red 5 has identified the potential to further expand on the bulk Mineral Resource at KOTH by targeting the northerly down-plunge extension along the granodiorite intrusion. This opportunity was identified from a series of historical diamond drill holes undertaken by previous owners in 2008 and 2010 which returned high-grade results including 4.0m @ 30.7g/t Au (TARD4041) and 1.0m @ 13.6g/t Au (TARD4007).

A three-hole "proof of concept" drill program was undertaken by Red 5 to follow-up this potential. The results further enhance the potential to extend the Resource area at KOTH and highlight the northerly plunge of the granodiorite intrusive margins as a compelling Resource extension target.



Long section through looking west, displaying drill trace of KHRD0278 (blue) relative to the underground workings (grey), historical TARD holes (green) and granodiorite (pink).



Location of the Cerebus-Eclipse, Centauri, Rainbow and Severn near-mine deposits at KOTH.



## SIANA GOLD PROJECT, PHILIPPINES

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

Mining operations at the Siana Project are currently suspended, pending an improvement in operating conditions in the Philippines. Ongoing activities at the Siana project during the year included maintaining dewatering of the open pit, infrastructure maintenance, monitoring of geotechnical issues and community and government relations activities.

Red 5's Philippine-affiliated company, Greenstone Resources Corporation, is continuing to evaluate its preferred plan and options for the Siana Gold Project, including a revised mining strategy for the Siana open pit mine and required funding for the potential future recommencement of operations.

## CORPORATE

### Capital raising

In March 2020 the Company undertook a \$125 million capital raising in two tranches via a share placement to sophisticated and professional investors to underpin the Company's growth objectives. The placement was oversubscribed with both existing shareholders and new Australian and international institutional investors participating.

The placement significantly de-risks the funding requirements to develop the integrated bulk open pit and underground mining and stand-alone processing operation at KOTH.

### Bolt-on acquisitions to expand Darlot Mining Hub

Red 5 acquired a number of new tenements surrounding the Darlot processing plant during the year, as part of its strategy to expand the Darlot Mineral Resource base, which includes ongoing near-mine and regional exploration as well as the consolidation of strategic opportunities.

Strategic project acquisitions during the year included:

- ▲ Sub-lease over the 13 blocks of Exploration Licence E37/1220 (Sub-lease Area) south of latitude -27°45', which hosts the Cables and Missions gold deposits.
- ▲ 100% interest in Mining Lease M37/54, containing the Great Western gold deposit, located approximately 80km by road to the south of the Darlot processing plant.
- ▲ Extensive tenement package including the highly prospective Emperor and King of the West Projects. The Emperor tenements are adjacent to Red 5's existing Ockerburry project and the King of the West tenement is located ~7km south of the Great Western project.

### Financial

The Group recorded sales revenue of \$200.3 million. Net cash flow from operating activities was \$51.5 million with \$122.3 million in cash and in metal accounts at year end. The net profit after tax for the year ended 30 June 2020 was \$4.54 million in comparison to a net loss after tax for the year ended 30 June 2019 of \$3.03 million.

In August 2019, Red 5 entered into an agreement with Macquarie Bank Limited to provide the Company with an A\$20 million working capital facility, which allowed the refinancing of a gold loan facility and strengthened Red 5's balance sheet and operating liquidity.

### Summary and outlook

With the completion of the FFS for the KOTH bulk mine development and backed by the recent \$125 million capital raising, the coming 12 months are expected to be a period of substantial growth for Red 5 as the Company prepares to make the transition to operating two independent mining and processing hubs in the Eastern Goldfields.

The Company is also well advanced with negotiations with prospective financiers to secure the debt funding component for the KOTH development. We expect to commence early site works in the December 2020 Quarter.

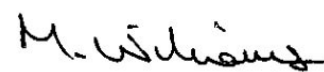
In parallel with these activities, we remain firmly focused on delivering strong and reliable gold production based on the transitional production strategy announced in June 2020. This strategy will see the Darlot mill being fed by three mines in FY21, with the commencement of open pit mining at the Great Western deposit in the December 2020 Quarter and the progressive scale-down and suspension of mining at KOTH.

In addition, we have a multi-pronged exploration programme underway at Darlot, aiming to establish the Darlot Gold Mine as a stand-alone mining and processing hub, with an aspirational objective of a 5-10 year mine life.

This programme comprises three separate work streams – underground drilling to expand the Darlot Mineral Resource, with 22,500m of underground drilling planned for FY21; the development of regional targets within trucking distance of the Darlot mill, with over 50,000m of drilling currently planned across the Cables and Mission, Great Western and Ockerburry targets; and the evaluation of further new bolt-on acquisitions and prospective tenement applications.

There is no doubt that it will be an intensely active and productive year ahead. The positive outlook for the Company is due to the outstanding efforts and achievements of the hard-working Red 5 team, and I would like to sincerely thank all of our staff and contractors for their efforts over the past year.

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



**Mark Williams**  
Managing Director

18 September 2020

# MINERAL RESOURCES AND ORE RESERVES STATEMENT

## WESTERN AUSTRALIAN GOLD OPERATIONS

During the 2020 financial year, Red 5 reported an updated Mineral Resource estimate for the King of the Hills (KOTH) gold project. Drilling and resource definition programmes completed during the reporting period resulted in an updated open pit and underground Mineral Resource estimate for KOTH totalling 90.7Mt at 1.4g/t Au for 4.1Moz of contained gold as at May 2020. In addition, Red 5 also reported maiden JORC 2012 Mineral Resource estimates for the Centauri and Cerebus-Eclipse satellite deposits at KOTH.

Red 5 acquired the Great Western project in April 2020 which contains a JORC 2012 resource of 62koz of contained gold. Red 5 also acquired an exclusive sub-lease over the southern portion of Exploration Licence E37/1220 which contains the Cables and Missions resources with a JORC 2004 resource of 185koz of contained gold.

The Company's Mineral Resource and Ore Reserve estimates, net of mining depletion, as at 30 June 2020 are detailed below.

## DARLOT GOLD MINE JORC 2012 UNDERGROUND RESOURCES AND RESERVES AS AT 30 JUNE 2020

### 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	2.0	UG	Measured	7	9.8	2.2
			Indicated	5,706	4.4	811
			Inferred	3,287	3.5	375
Great Western	1.5	UG	Measured	-	-	-
			Indicated	17	4.0	2
			Inferred	101	2.9	9
<b>Underground sub-total</b>				<b>9,119</b>	<b>4.1</b>	<b>1,200</b>
Darlot	0.5	OP	Measured	-	-	-
			Indicated	890	1.2	36
			Inferred	1,790	0.8	46
Great Western	0.5	OP	Measured	130	2.6	11
			Indicated	330	3.2	34
			Inferred	130	1.5	6
<b>Open pit sub-total</b>				<b>3,270</b>	<b>0.8</b>	<b>132</b>
Broken stocks	Var	UG	Measured	5	2.7	0.5
ROM stockpile	Var	UG	Measured	66	1.5	3.2
<b>Stocks sub-total</b>				<b>71</b>	<b>1.6</b>	<b>3.7</b>
Total	0.5-2.0	All	Measured	78	4.2	6
			Indicated	6,596	4.0	847
			Inferred	5,077	2.6	421
<b>Grand total</b>				<b>11,752</b>	<b>3.4</b>	<b>1,273</b>



# MINERAL RESOURCES AND ORE RESERVES STATEMENT *(cont.)*

## Total Mineral Resources - Darlot Gold Mine as at 30 June 2019

Project	Cut off Au g/t	Mining method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
Darlot	2.0	UG	Measured	7	9.8	2.0
			Indicated	4,465	4.8	694
			Inferred	2,914	3.7	344
<b>Underground – sub-total</b>				<b>7,386</b>	<b>4.4</b>	<b>1,040</b>
Broken stocks	Var	UG	Measured	3	5.4	1
ROM stockpile	Var	UG	Measured	8	3.7	1
<b>Stocks sub-total</b>				<b>11.0</b>	<b>4.2</b>	<b>2</b>
Total	0.5/2.0	All	Measured	18.0	6.4	3.6
			Indicated	4,465	4.8	694
			Inferred	2,914	3.7	344
<b>Grand total</b>	<b>0.5/2.0</b>	<b>All</b>		<b>7,397</b>	<b>4.4</b>	<b>1,042</b>
<b>Difference</b>						
	0.5-2.0	All	Measured	60	-2.1	2
			Indicated	2,131	-0.8	153
			Inferred	2,163	-1.1	77
<b>Grand total (difference)</b>	<b>0.5-2.0</b>	<b>All</b>		<b>4,355</b>	<b>-1.0</b>	<b>232</b>

## Darlot Ore Reserves as at 30 June 2020

Project	Cut Off Au (g/t)	Mining Method	Classification	Tonnes (kt)	Au (g/t)	Contained Au (koz)	Recovered Au metal (koz)
Darlot	2.0 - 2.3	UG	Proved	11.9	2.2	0.8	0.8
			Probable	2,607	2.8	234	219
	Variable		Broken stocks	5.3	2.7	0.5	0.4
			ROM stockpile	65.9	1.5	3.2	3.0
<b>Total</b>	<b>Variable</b>			<b>2,690</b>	<b>2.8</b>	<b>239</b>	<b>223</b>

## Darlot Ore Reserves as at 30 June 2019

Darlot	2.0 - 2.3	UG	Proved	1.4	7.9	0.3	0.3
			Probable	1,700	3.7	200	188
	Variable		Broken stocks	3	5.4	1	1
			ROM stockpile	8	3.7	1	1
<b>Total</b>	<b>Variable</b>			<b>1,713</b>	<b>3.7</b>	<b>201</b>	<b>189</b>
<b>Difference</b>							
	2.0 - 2.3	UG	Proved	10	-5.7	0.5	0.5
			Probable	907	-0.9	34	31
	Variable		UG broken stocks	2	-2.7	-1	-1
			ROM stockpile	58	-2.2	2	2
<b>Total</b>	<b>Variable</b>			<b>977</b>	<b>-0.9</b>	<b>38</b>	<b>34</b>
<i>Production FY20</i>				575	3.5	64	57

# MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

## KING OF THE HILLS JORC 2012 UNDERGROUND RESOURCES AND RESERVES AS AT 30 JUNE 2020

### KOTH Resources as at 30 June 2020

Project	Cut off Au g/t	Mining method	Classification	Tonnes (kt)	Au g/t	Contained Au (koz)
KOTH	0.4	OP*	Indicated	65,800	1.3	2,720
			Inferred	14,600	1.4	650
			<b>Sub total</b>	<b>80,400</b>	<b>1.3</b>	<b>3,370</b>
	1.0	UG*	Indicated	4,000	2.2	290
			Inferred	6,300	2.0	410
			<b>Sub total</b>	<b>10,300</b>	<b>2.1</b>	<b>700</b>
Total KOTH at 30 June 2020	Variable	All	Indicated	69,800	1.3	3,010
			Inferred	20,900	1.6	1,060
			<b>Total</b>	<b>90,700</b>	<b>1.4</b>	<b>4,070</b>

### KOTH - Regional Resources as at 30 June 2020

Rainbow	0.6	OP	Indicated	1,380	1.3	58
			Inferred	200	1.4	9
			<b>Sub total</b>	<b>1,580</b>	<b>1.3</b>	<b>67</b>
Severn	0.4	OP	Indicated	480	1.7	27
			Inferred	440	1.5	21
			<b>Sub total</b>	<b>920</b>	<b>1.6</b>	<b>48</b>
Centauri	0.5	OP	Indicated	1,390	1.5	68
			Inferred	320	1.3	13
			<b>Sub total</b>	<b>1,710</b>	<b>1.5</b>	<b>81</b>
Cerebus-Eclipse	0.5	OP	Indicated	2,160	1.3	89
			Inferred	650	1.1	23
			<b>Sub total</b>	<b>2,810</b>	<b>1.3</b>	<b>112</b>
Total regional resources at 30 June 2020	Variable	OP	Indicated	5,410	1.4	242
			Inferred	1,610	1.3	67
			<b>Total</b>	<b>7,020</b>	<b>1.4</b>	<b>308</b>

### Total KOTH and KOTH regional resources as at 30 June 2020

All projects at 30 June 2020	Variable	OP	Indicated	71,210	1.3	2,962
			Inferred	16,210	1.4	717
			<b>Sub total</b>	<b>87,420</b>	<b>1.3</b>	<b>3,678</b>
	1.0	UG	Indicated	4,000	2.2	290
			Inferred	6,300	2.0	410
			<b>Sub total</b>	<b>10,300</b>	<b>2.1</b>	<b>700</b>
KOTH stockpiles (OP)	0.0	OP	Indicated	2,810	0.5	40
KOTH broken stocks	Variable	UG	Measured	162	1.6	8
KOTH stocks at Darlot ROM	Variable	UG	Measured	13	2.4	1
			<b>Sub total</b>	<b>2,985</b>	<b>0.6</b>	<b>49</b>
<b>Total KOTH and KOTH regional resources</b>	Variable	All	Measured	175	1.6	9
			Indicated	81,005	1.3	3,341
			Inferred	22,510	1.6	1,127
			<b>Total</b>	<b>103,690</b>	<b>1.4</b>	<b>4,476</b>

### Total KOTH and KOTH regional resources as at 30 June 2019

	Variable	All	Indicated	54,997	1.4	2,438
			Inferred	13,540	1.8	790
			<b>Sub total</b>	<b>68,537</b>	<b>1.5</b>	<b>3,228</b>

### Difference

Total KOTH and KOTH regional resource	Variable	All	Measured	175	1.6	9
			Indicated	26,008	-0.1	903
			Inferred	8,970	-0.3	336
			<b>Sub Total</b>	<b>35,153</b>	<b>-0.1</b>	<b>1,249</b>
Production for FY20				567	2.6	47



# MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

## KOTH Reserves as at 30 June 2020

Project	Cut Off Au (g/t)	Mining Method	Classification	Tonnes (kt)	Au (g/t)	Contained Au (koz)	Recovered Au metal (koz)
KOTH <sup>1</sup>	2.0	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	1.0	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
<b>Total</b>				<b>36,376</b>	<b>1.3</b>	<b>1,519</b>	<b>1,421</b>

## KOTH Reserves as at 30 June 2019

KOTH	2.0	UG	Probable	1,301	3.2	133	125
	-	OP		-	-	-	-
Regional	-	OP		-	-	-	-
Broken stocks	Variable	UG	Probable	8.1	3.3	1	1
ROM stockpile	Variable	UG	Probable	29.5	1.9	2	2
<b>Total</b>				<b>1,339</b>	<b>3.2</b>	<b>136</b>	<b>127</b>

### Difference

KOTH	2.0	UG	Probable	-1,102	-0.4	-115	-108
		OP	Probable	36,000	1.3	1,448	1,354
Regional		OP		1.4	1.0	44	41
Broken stocks	Variable	UG	Probable	154.3	-1.7	7	7
ROM stockpile	Variable	UG	Probable	-17	0.5	-1	-1
<b>Total</b>				<b>35,037</b>	<b>-1.9</b>	<b>1,383</b>	<b>1,293</b>
Production for FY20				567	2.6	47	36

<sup>1</sup> Subsequent to the end of the financial year, current underground mining at KOTH will be progressively scaled-down in the second half of the 2020 calendar year in advance of the planned commencement of construction activities for a proposed stand-alone bulk mining and processing operation (refer to ASX release dated 16 July 2020). In September 2020 Red 5 reported the results of the KOTH final feasibility study which included a Probable Open Pit and Underground Ore Reserve for the KOTH project of 64.6Mt grading 1.2g/t Au for 2.4Moz of contained gold (refer to ASX release dated 15 September 2020, 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).

## PHILIPPINE OPERATIONS

### SIANA GOLD PROJECT

An annual review and update to the Siana Mineral Resource and Ore Reserve estimates for the year ended 30 June 2020 has been undertaken, with no resultant change from the figures quoted as at 30 June 2019.

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. Greenstone Resources Corporation is evaluating its preferred plan and options for the Siana Gold Project. 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 2020. 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.

## MINERAL RESOURCES AND ORE RESERVES STATEMENT (cont.)

### SIANA JORC 2012 OPEN PIT MINERAL RESOURCE AND ORE RESERVE AS AT 30 JUNE 2020

#### Siana Open Pit Mineral Resource as at 30 June 2020

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2020 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
	<b>Total</b>	<b>0.7</b>	<b>970</b>	<b>2.9</b>	<b>7.3</b>	<b>90</b>	<b>226</b>

There were no changes to the Siana Open Pit Mineral Resource as reported at 30 June 2019.

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 2020

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2020 JORC 2012	Probable <sup>1</sup>	-	-	-	-	-	-
	ROM stockpile	0.7	290	1.1	6.6	10	61
	<b>Total</b>	<b>0.7</b>	<b>290</b>	<b>1.1</b>	<b>6.6</b>	<b>10</b>	<b>61</b>

<sup>1</sup> No JORC 2012 Open Pit Reserve is reported as at 30 June 2020 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 2019.

### SIANA JORC 2012 UNDERGROUND MINERAL RESOURCE AND ORE RESERVE AS AT 30 JUNE 2020

#### Siana Underground Mineral Resource as at 30 June 2020

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2020 JORC 2012	Indicated	2.4	3,400	5.2	7.2	566	779
	Inferred	2.4	500	9.3	11.2	153	186
	<b>Total</b>	<b>2.4</b>	<b>3,900</b>	<b>5.7</b>	<b>7.7</b>	<b>719</b>	<b>964</b>

There were no changes to the Siana Underground Mineral Resources as reported at 30 June 2019.

#### Siana Underground Ore Reserve as at 30 June 2020

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2020 JORC 2012	Probable	2.4	3,010	4.1	6.7	396	644
	<b>Total</b>	<b>2.4</b>	<b>3,010</b>	<b>4.1</b>	<b>6.7</b>	<b>396</b>	<b>644</b>

There were no changes to the Siana Underground Ore Reserve as reported at 30 June 2019.

### MAPAWA JORC 2012 OPEN PIT MINERAL RESOURCE

#### Mapawa JORC 2012 Resource as at 30 June 2020

Estimate	Classification	Cut Off Au (g/t)	Tonnes (kt)	Au g/t	Ag g/t	Contained Au (koz)	Contained Ag (koz)
30 June 2020 JORC 2012	Indicated	0.7	3,270	1.0	3.5	103	371
	Inferred	0.7	5,560	1.0	2.5	185	438
	<b>Total</b>	<b>0.7</b>	<b>8,830</b>	<b>1.0</b>	<b>2.9</b>	<b>289</b>	<b>809</b>

There were no changes to the Mapawa Open Pit Mineral Resources as reported at 30 June 2019.

## COMPETENT PERSON'S STATEMENT FOR JORC 2012 RESOURCE AND RESERVE

### 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 and KOTH gold operations

Mr Brendon Shadlow confirms that he is the Competent Person for the underground and open pit Ore Reserve estimates summarised in this report and Mr Shadlow 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 Shadlow 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 Shadlow is a Member of the Australasian Institute of Mining and Metallurgy, No. 202880. Mr Shadlow is a full time employee of Red 5. Mr Shadlow 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.

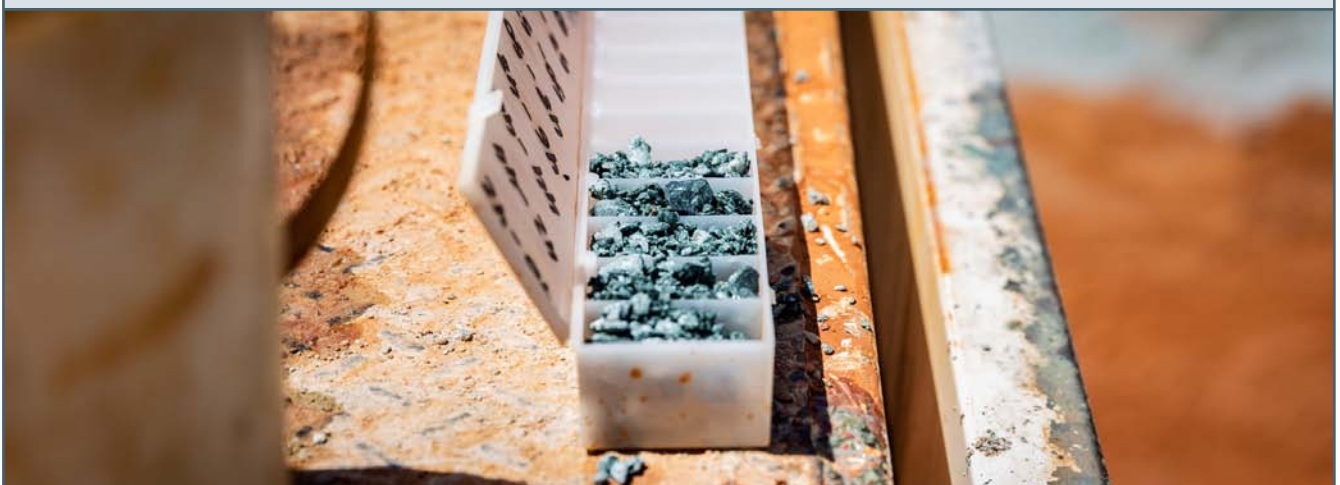
Mr Shadlow verifies that the Ore Reserve section of this report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to the Ore Reserves.

### Ore Reserve for 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 2020. Broken stocks for KOTH includes material at surface and underground.

## 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 titled Resource and Reserve growth to support long-term Mining Hub Strategy at Darlot Gold Mine dated 10 February 2020.
2. For the information reported for Great Western resource figures refer to the Terrain Minerals ASX release dated 27 March 2017 titled JORC 2012 Resource Update and Red 5's ASX release dated 3 April 2020 titled Red 5 exercises option to complete acquisition of the Great Western 62koz gold deposit and Completion of Acquisition of Great Western Project, dated 9 April 2020 .
3. The updates to the Underground Reserves are based on a gold price of A\$2000.
4. Underground reserves have planned dilution varying between 10 to 20% with planned mining recovery of 95%.

## Notes on KOTH JORC 2012 Mineral Resources and Ore Reserves

### Mineral Resources:

1. The information that relates to KOTH refer to ASX release dated 19 March 2020 titled King of the Hills Mineral Resource increases to 4.1Moz.
2. The information that relates to Rainbow and Severn 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 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. Gold price of A\$2,000 used in the calculations of the KOTH Underground Ore Reserves.
2. Current processing recoveries at the Darlot processing plant for KOTH ore range between 93% to 94% for Au.
3. No Inferred Resources have been used in the derivation of the Ore Reserve estimate.
4. External dilution up to 20% has been applied.
5. As at 31 December 2020 the KOTH underground reserve as per Truck to Darlot business model will be suspended.
6. The information relating to Open Pit reserve figures for KOTH and Rainbow are quoted from the KOTH PFS work completed in July 2019. Refer to ASX release dated 1 August 2019, titled Maiden 1.45Moz open pit Ore Reserve for King of the Hills Confirms Exceptional Bulk Mining Opportunity.
7. As at 30 June 2019 there were no Open Pit Reserves at the King of the Hills operations.

## Notes on Mission and Cables gold deposits

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

## 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 18 September 2020

## WESTERN AUSTRALIA

Project	Tenement number	Red 5 interest
<b>Darlot Gold Mine</b>	E36/0865, E36/0941, E36/0944, E36/0945, E36/0964, E36/0968, E36/0969, E36/0980, E37/1054, E37/1086, 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, E37/1395, 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, M37/0584, M37/0592, M37/0608, M37/0667, M37/0774, M37/0775, M37/1217, P36/1879, P36/1883, P36/1884, P36/1889, P37/8698, P37/8699, P37/8700, P37/8701, P37/8716, P37/8788, P37/8789, P37/9210	100%
	E36/0997, E36/0999, E36/1002, E37/1393, E37/1398, E37/1400, G37/0037, E37/1413, E37/1415, L37/0238, P37/9345	100% (Applications pending)
	E37/1220	Right to explore and mine Sub-Lease Area
	M37/0552, M37/0631, M37/0709, M37/1045	49%
	M37/0246, M37/0265, M37/0320, M37/0343, M37/0345, M37/0393, M37/0776	83.5%
	M37/0421, M37/0632	100% with a portion of tenements at 49% via agreement
<b>King of the Hills Project</b>	L37/0211, M37/0021, M37/0067, M37/0076, M37/0090, M37/0179, M37/0201, M37/0222, M37/0248, M37/0330, M37/0394, M37/0407, M37/0410, M37/0416, M37/0429, M37/0449, M37/0451, M37/0457, M37/0496, M37/0529, M37/0544, M37/0547, M37/0548, M37/0551, M37/0570, M37/0571, M37/0572, M37/0573, M37/0574, M37/0905, M37/1050, M37/1051, M37/1081, M37/1105, M37/1165, P37/8391, P37/8392, P37/8393, P37/8394, P37/9157, P37/9160, P37/9161, P37/9269, P37/9270, P37/9271, P37/9272, P37/9273, P37/9274, P37/9275, P37/9276, P37/9277, P37/9278, P37/9279, P37/9280, P37/9281, P37/9282, P37/9283, P37/9284, P37/9286, P37/9287, P37/9289, P37/9291	100%
	E37/1385, E37/1409, E37/1410, P37/9285, P37/9288, P37/9290, P37/9292, P37/9293, P37/9294, P37/9295, 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	100% (Applications pending)
<b>Montague Project</b>	M57/0429, M57/0485, E57/0793	25% free carried

## PHILIPPINES

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

### Abbreviations

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

# 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 2020.

## 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

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

<b>Kevin Dundo</b>	<b>Non-Executive Chairman</b>
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); Cash Converters International Limited (since February 2015); and Avenir Limited (since October 2019).

<b>Mark Williams</b>	<b>Executive Director</b>
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.

<b>Ian Macpherson</b>	<b>Non-Executive Director</b>
Appointment date	April 2014
Special responsibilities	Chairman of the Audit Committee; and Member of the Remuneration and Nomination 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).



## 1. DIRECTORS AND COMPANY SECRETARY *(cont.)*

<b>Colin Loosemore</b>	<b>Non-Executive Director</b>
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.

<b>Steven Tombs</b>	<b>Non-Executive Director</b>
Appointment date	August 2018
Special responsibilities	Chairman of the Remuneration and Nomination 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.

## 1.2. INFORMATION ON COMPANY SECRETARY

<b>Frank Campagna</b>	<b>Company Secretary</b>
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.

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

<b>Director</b>	<b>Fully paid shares</b>	<b>Performance rights</b>	<b>Service rights</b>	<b>Deferred rights</b>
Kevin Dundo	1,600,409	-	-	-
Mark Williams	11,125,287	6,050,864	-	-
Ian Macpherson	1,144,124	-	-	-
Colin Loosemore	8,490,878	-	-	-
Steven Tombs	2,284,445	-	-	-

# DIRECTORS' REPORT (cont.)

## 1. DIRECTORS AND COMPANY SECRETARY (cont.)

### 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 2020 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	12	12	2	2	2	2	1	1
Mark Williams	12	12	-	-	-	-	-	-
Ian Macpherson	12	12	2	2	2	2	-	-
Colin Loosemore	12	12	2	1	2	2	1	1
Steven Tombs	12	12	-	-	-	-	-	-

### 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 profit of the consolidated entity after income tax for the year ended 30 June 2020 was \$4,544,000 (30 June 2019: loss of \$3,030,000). The current year results include an underlying EBITDA<sup>(a)</sup> of \$53,978,000 (2019: \$30,938,000).

	30 June 2020 \$'000	30 June 2019 \$'000
Sales revenue	200,332	153,965
Cost of sales (excluding depreciation)	(128,992)	(105,716)
Other income	1,498	750
Administration and other expenses (excluding depreciation)	(9,287)	(9,042)
Care and maintenance (excluding depreciation)	(4,875)	(5,729)
Exploration expenditure	(4,698)	(3,290)
<b>Underlying EBITDA</b>	<b>53,978</b>	<b>30,938</b>

(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.

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

	30 June 2020 \$'000	30 June 2019 \$'000
Underlying EBITDA	53,978	30,938
Financing income	336	38
Financing expenses	(2,381)	(2,249)
Ineffective portion of cashflow hedges	(6,810)	(456)
Fair value loss on financial liabilities	(967)	(1,646)
Depreciation and amortisation	(32,984)	(37,225)
<b>Profit/(loss) before income tax expense</b>	<b>11,172</b>	<b>(10,600)</b>

**3. RESULTS OF OPERATIONS** (cont.)

**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.

**Covid-19 response**

We 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 nor the Siana gold project in the Philippines 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 92,779 ounces of gold was recovered for the 12 months to 30 June 2020 with ore sourced from the Darlot Gold Mine and from KOTH. A summary of key production statistics for the year ended 30 June 2020 and 30 June 2019 is provided below:

	Units	Year ended	
		30 June 2020	30 June 2019
Mined tonnes	t	1,142,101	900,251
Mined grade	g/t	3.01	3.86
Tonnes milled	t	943,861	907,004
Average head grade	g/t	3.30	3.79
Recovery	%	92.6	92.4
Gold recovered	oz	92,779	102,012
Gold operational sales	oz	92,953	98,240

**Siana Gold Project, Philippines**

Mining operations at the Siana gold project in the Philippines remained suspended pending an improvement in operating conditions in the Philippines. Ongoing activities at Siana include dewatering of the open pit, infrastructure maintenance and monitoring of geotechnical issues.

**Exploration and Resource Development**

Consolidation of the Group's Mineral Resources and Ore Reserves across the operations remains a strong focus for Red 5. The Company acquired a number of new tenements surrounding the Darlot processing plant during the year, as part of its multi-strand strategy to expand the Darlot Mineral Resource base, which includes ongoing near-mine and regional exploration as well as the consolidation of strategic opportunities.

With the acquisition of the Great Western project in April 2020, the opportunity is being taken to commence open pit mining from the December Quarter 2020 and progressively scale down underground ore production at KOTH in the second half of CY2020. This will coincide with the planned start of site construction for the proposed bulk mining operation at KOTH.

Red 5 signed an Option Agreement to purchase the Cables and Mission project, located 10km from Darlot, in December 2019, and undertook a program of due diligence drilling to validate historical drilling results. The option was exercised in May 2020 and Red 5 plans to undertake additional drilling programs and other feasibility activities to enable the estimation of a JORC 2012 compliant Mineral Resource.

**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. The FFS was completed in September 2020.

**Corporate**

In March 2020, the Company undertook a \$125 million capital raising in two tranches via a share placement to sophisticated and professional investors to underpin the Company's growth objectives. The placement was oversubscribed with both existing shareholders and new Australian and international institutional investors participating.

The placement significantly de-risks the funding requirements to develop the integrated bulk open pit and underground mining and stand-alone processing operation at KOTH.

**3.2 FINANCIAL REVIEW**

The consolidated entity recorded a net profit after tax of \$4,544,000 (2019: Loss of \$3,030,000). Gold and silver sales for the reporting period before hedging movements totalled \$215,946,000 (2019: \$156,309,000).

**Income statement**

The Group recorded a net profit after tax for the year ended 30 June 2020 of \$4,544,000 in comparison to a net loss after tax for the year ended 30 June 2019 of \$3,030,000.



### 3. RESULTS OF OPERATIONS (cont.)

Darlot and King of the Hills recorded a gross profit for the period of \$39,226,000 (30 June 2019: \$11,168,000). A combined 92,953 ounces of gold were sold during the year, which together with silver sales and hedging adjustments resulted in total revenue of \$200,232,000. Cost of sales for the period of \$161,106,000 comprised production costs, royalties, movement in stockpiles and depreciation charge. The higher sales revenue during the year is reflective of higher gold prices.

The Group's net profit for the period was mainly driven by gross profit from operations, offset by administrative expenses, exploration expenditure, ineffective portion of cashflow hedges, Siana project expenses and fair value loss on financial liabilities attributable to high forward gold prices. Financing expenses included unwinding of the effective interest rate of the gold loan and Macquarie working capital facility interest.

#### Balance sheet

Total assets increased from \$177,147,000 to \$343,395,000 at 30 June 2020. The net increase in total assets was mainly driven by the cash received pursuant the \$125,000,000 capital raising and associated capitalised King of the Hills final feasibility study and exploration expenditure for project acquisitions resource drilling.

Total liabilities were \$147,346,000, an increase of \$49,580,000 from 30 June 2019. This was mainly driven by a negative mark-to-market adjustment on gold hedges (\$28,604,000) due to increased forward curve on gold prices and from the \$20,000,000 drawn down on the working capital facility with Macquarie; offset by the repayment of the gold loan facility of 5,015 ounces and the repayment of the deferred consideration relating to the Darlot acquisition. Additionally, with the change in accounting for leases from 1 July 2019, the Company has recognised lease liabilities of \$11,110,000 at 30 June 2020.

#### Cash flow

During the year, cash and cash equivalents increased by \$105,573,000. Free Cash inflows from operating activities for the period were \$51,512,000. Cash receipts from customers of \$204,479,000 reflect the sale of gold and silver which benefited from higher gold prices during the year. This was offset by cash outflows of \$152,967,000, driven by higher operational costs resulting from the Company's ramp-up to full production.

Net cash outflows used in investing activities for the period were \$54,548,000, reflecting sustaining and growth capital including the Tailings Storage Facility No. 4 construction, development costs at both Darlot and King of the Hills mines, Final Feasibility Study costs, project acquisitions and deferred consideration paid associated with the acquisition of the Darlot and King of the Hills mines.

The net cash from financing activities of \$108,470,000 reflects the net proceeds received from the capital raising, the proceeds from the \$20,000,000 Macquarie working capital facility offset by \$8,000,000 principal repayments and associated interests, the repayment of 5,015 ounces of the gold loan facility and repayments of lease liabilities.

### 4. DIVIDENDS

No amounts were paid by way of dividend since the end of the previous financial year (2019: 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 25,683,329 performance rights convertible into ordinary fully paid shares.

	Number
Vesting date: 30 June 2021 (subject to performance conditions)	15,241,298
Vesting date: 30 June 2022 (subject to performance conditions)	10,442,031
	<b>25,683,329</b>

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 2018 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 2020. 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 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 \$238,068 (2019: \$205,408).

## 8. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 15 September 2020, the Company announced the Final Feasibility Study (FFS) for a proposed new 4Mtpa bulk mining and processing operation at the King of the Hills (KOTH) Gold Project, located in the Eastern Goldfields region of Western Australia.

## 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.

## 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 2020.

## 11. REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2020 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.

## 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 2020 and 30 June 2019 and unless otherwise indicated, KMPs for the entire period:

### Non – Executive Directors

Kevin Dundo

Ian Macpherson

Colin Loosemore

Steven Tombs<sup>(a)</sup>

### Executive Directors

Mark Williams – Managing Director

### Executives

John Tasovac - Chief Financial Officer

Brendon Shadlow<sup>(b)</sup> – General Manager Operations

(a) *Steven Tombs retired from the Group's executive management team on 31 July 2018 and was appointed Non-Executive Director effective from 1 August 2018.*

(b) *Brendon Shadlow was appointed General Manager Operations on 1 August 2018.*

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.

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.

## 11. REMUNERATION REPORT (AUDITED) (cont.)

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

### 11.4 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.

#### 11.4.1 Fixed Remuneration

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

#### 11.4.2 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, and EBITDA, health and safety targets and specific operations-related milestones. Measures chosen directly align the individual's reward to the KPIs of the group and to its strategy and performance. The plan also has a financial gate to ensure that no performance bonus is payable when it would be inappropriate or unaffordable to do so. Any award under the STI for the Managing Director 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.

#### 11.4.3 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.



## 11. REMUNERATION REPORT (AUDITED) (cont.)

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 gold production, operating costs, ore reserves, safety performance and strategic targets. The TSR measure is subject to a positive TSR gate and the other measures are 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.

### 11.5 GROUP PERFORMANCE

The following table summarises key measures of Group performance for FY20 and the previous four financial years.

	2020	2019	2018	2017	2016
ASX Share price at year end	\$0.20	\$0.18	\$0.08	\$0.03	\$0.09
Profit/(loss) before income tax attributable to owners of the company (\$'000)	11,172	(10,600)	(14,387)	(110,124)	24,787
Dividends paid (\$'000)	-	-	-	-	-

#### 11.5.1 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 2020 including achievement of core EBITDA targets, completion of strategies relating to the Siana assets and progress in the evaluation and development of the King of the Hills bulk mining and processing operation, the achievement of gold production and operating cost targets for the financial year and individual effectiveness. A gate of 80% of budgeted gold production level applies to all KPIs.

The amount vested represents 60.1% of the available target bonus with the balance being forfeited due to performance criteria not being met. The financial gate of a minimum level of gold production was met and the EBITDA target was exceeded. The Committee has elected that the STI award for Mr Williams for the year ended 30 June 2020 would be cash settled in full. For Mr Tasovac and Mr Shadlow, 50% of the performance bonus is payable in share rights (both service rights and deferred rights), with the other 50% to be paid in cash.

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

#### Executive KMP STI Awards for 2020

	Cash Bonus \$	Deferred Rights <sup>(a)</sup> \$	Service Rights <sup>(b)</sup> \$
Mark Williams	208,818	-	-
John Tasovac	52,253	26,127	26,127
Brendon Shadlow	40,933	20,467	20,467

(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 11.7.

(b) Service rights are subject to a 12-month service test following the end of the measurement period. See valuation of rights on section 11.7.

The Remuneration Committee exercised its discretion based on Company performance and Group objectives achieved in assessing the performance of the executive KMP's against the 2020 STI objectives.

## 11. REMUNERATION REPORT (AUDITED) (cont.)

### 11.5.2 LTI performance pay outcome

In accordance with the terms of the Red 5 Rights Plan (Plan), a total of 9,496,400 performance rights (Performance Rights) that were issued to key management personnel in 2018 reached the end of their performance period. As at the date of this report, 5,697,840 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 2020. 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 3,798,560 Performance Rights were forfeited due to performance conditions not being met.

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

#### Executive KMP LTI Awards for 2020 Series

2020	Maximum number of performance rights	Number awarded in the year	% of maximum potential LTI achieved	% of LTI not achieved in the year
Mark Williams	5,616,400	3,369,840	60	40
John Tasovac	2,400,000	1,440,000	60	40
Brendon Shadlow	1,480,000	888,000	60	40
<b>Total</b>	<b>9,496,400</b>	<b>5,697,840</b>	<b>60%</b>	<b>40%</b>

Details of LTI performance rights issued during the year are shown at section 11.8.4.

## 11.6 KEY MANAGEMENT PERSONNEL SERVICE AGREEMENTS

### 11.6.1 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 \$120,000 per annum plus superannuation;
- ▲ Non-Executive Directors receive \$90,000 per annum plus superannuation;
- ▲ Chairs of Board committees receive:
  - ▲ \$10,000 per annum plus superannuation for the audit committee, and
  - ▲ \$5,000 per annum plus superannuation for other committees;
- ▲ Committee members are not paid any additional fee;
- ▲ Non-Executive Directors are entitled to statutory superannuation benefits; and
- ▲ The Board approves any consultancy arrangements for Non-Executive Directors who provide services outside of and in addition to their duties as Non-Executive Directors.

Non-Executive Directors are not entitled to participate in performance-based remuneration schemes. However, the Board 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 \$238,068 (2019: \$205,408) 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. REMUNERATION REPORT (AUDITED) *(cont.)*

### 11.6.2 Executive Directors – Managing Director

<b>Mark Williams</b>	<b>Fixed remuneration for the year and statutory superannuation: \$602,250</b>
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Mr Williams' agreement is for an indefinite period.

Mr Williams' total remuneration was increased to \$602,250 effective 1 July 2019 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.

### 11.6.3 Executives

<b>John Tasovac</b>	<b>Fixed remuneration for the year and statutory superannuation: \$405,150</b>
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Mr Tasovac's agreement is for an indefinite period.

Mr Tasovac's total remuneration was increased to \$405,150 effective 1 July 2019 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 ESOP or PR Plan with performance hurdles or vesting schedules determined at time of grant.

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

<b>Brendon Shadlow</b>	<b>Fixed remuneration for the year and statutory superannuation: \$374,000</b>
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Mr Shadlow's agreement is for an indefinite period.

Mr Shadlow's total remuneration was increased to \$374,000 effective 1 July 2019 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 ESOP or PR Plan with performance hurdles or vesting schedules determined at time of grant.

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long-term incapacity) 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.

### 11.6.4 Transactions with Key Management Personnel and their related parties

The Non-Executive Directors invoice through their private companies for Directors fees; they are not separate entities that provide consulting services to the Company. Mr Dundo, Mr Macpherson, Mr Loosemore and Mr Tombs meet the definition and maintain their status as Independent Non-Executive Directors, thus retain objectivity and their ability to meet their oversight role.



## 11. REMUNERATION REPORT (AUDITED) (cont.)

### 11.7 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 2020.

2020	Short term							Long term			Total
	Salaries or directors' fees	Expenses/allowances	Cash bonus	Deferred rights <sup>(b)</sup>	Service rights <sup>(c)</sup>	Consulting fees	Superannuation	Annual and long service leave	Performance rights expense <sup>(d)</sup>	Performance rights forfeited <sup>(e)</sup>	
Name	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Executive Director</b>											
Mark Williams	577,250 <sup>(a)</sup>	-	208,818	47,191	117,978	-	25,000	45,123	303,427	(88,444)	1,236,343
<b>Non-Executive Directors</b>											
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
<b>Executives</b>											
John Tasovac	380,150 <sup>(a)</sup>	-	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
<b>Total</b>	<b>1,707,400</b>	<b>3,600</b>	<b>302,004</b>	<b>135,919</b>	<b>223,315</b>	<b>16,223</b>	<b>124,491</b>	<b>72,472</b>	<b>559,066</b>	<b>(169,924)</b>	<b>2,974,566</b>

(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 will be 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)

## 11. REMUNERATION REPORT (AUDITED) (cont.)

2019	Short term						Long term			Total
	Salaries or directors' fees	Cash bonus	Deferred rights <sup>(b)</sup>	Service rights <sup>(c)</sup>	Consulting fees	Termination benefits	Super-annuation	Annual and long service leave	Share based payments <sup>(e)</sup>	
Name	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Executive Director</b>										
Mark Williams	522,500 <sup>(a)</sup>	140,000	61,277	56,892	-	-	25,000	25,230	131,215	962,114
<b>Non-Executive Directors</b>										
Kevin Dundo	120,000	-	-	-	-	-	11,400	-	-	131,400
Ian Macpherson	105,000	-	-	-	-	-	9,975	-	-	114,975
Colin Loosemore	95,000	-	-	-	-	-	9,025	-	-	104,025
Steven Tombs	82,500	-	-	-	3,900	-	7,838	-	-	94,238
<b>Executives</b>										
John Tasovac	324,393	65,000	28,639	25,285	-	-	36,957	18,620	69,403	568,297
Steven Tombs	18,333	-	-	-	-	10,091 <sup>(d)</sup>	14,501	8,750	45,500	97,175
Brendon Shadlow	302,292	60,000	30,337	-	-	-	26,208	9,184	24,947	452,968
<b>Total</b>	<b>1,570,018</b>	<b>265,000</b>	<b>120,253</b>	<b>82,177</b>	<b>3,900</b>	<b>10,091</b>	<b>140,904</b>	<b>61,784</b>	<b>271,065</b>	<b>2,525,192</b>

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

(b) Includes deferred rights granted in FY2019 vesting immediately and have provisionally been valued at \$0.18 (Red 5 share price as at 30 June 2019) these rights will be re-valued upon shareholders' approval at the Annual General Meeting; and deferred rights granted in FY2018 which were trued up from the provisional price of \$0.08 (Red 5 share price as at 30 June 2018) to the issue price of \$0.07 at date of grant.

(c) Includes service rights granted during FY2018 subject to a 12-month service test, they have been valued at \$0.07 (Red 5 share price at date of grant). Service rights granted during FY2019 are subject to a 12-month service test and were not recognised at 30 June 2019.

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

(e) Annual leave paid out on the retirement of Mr Tombs.

### 11.7.1 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	
	2020	2019	2020	2019	2020	2019
<b>Executive Director</b>						
Mark Williams	52%	60%	30%	27%	18%	13%
<b>Non-Executive Directors</b>						
Kevin Dundo	100%	100%	-	-	-	-
Ian Macpherson	100%	100%	-	-	-	-
Colin Loosemore	100%	100%	-	-	-	-
Steven Tombs	100%	100%	-	-	-	-
<b>Executives</b>						
John Tasovac	63%	67%	24%	21%	13%	12%
Steven Tombs <sup>(a)</sup>	-	53%	-	-	-	47%
Brendon Shadlow	64%	75%	22%	20%	14%	5%

(a) Prior to Mr Tombs' appointment as a non-executive director.

## 11. REMUNERATION REPORT (AUDITED) (cont.)

### 11.8 ADDITIONAL DISCLOSURES RELATING TO OPTIONS, PERFORMANCE RIGHTS AND SHARES

#### 11.8.1 Options granted to key management personnel

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

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

#### 11.8.2 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:

2020	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
Kevin Dundo	1,430,409	-	-	170,000	1,600,409
Mark Williams	6,634,764	3,369,840	786,516	334,167	11,125,287
Ian Macpherson	659,957	-	-	484,167	1,144,124
Colin Loosemore	6,824,212	-	-	1,666,666	8,490,878
Steven Tombs	2,000,997	-	-	283,448	2,284,445
John Tasovac	722,424	1,440,000	365,168	-	2,527,592
Brendon Shadlow	-	888,000	337,078	-	1,225,078
<b>Total</b>	<b>18,272,763</b>	<b>5,697,840</b>	<b>1,488,762</b>	<b>2,938,448</b>	<b>28,297,813</b>

#### 11.8.3 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
Service rights issued and vested: Mark Williams <sup>(a)</sup>	5-Dec-19	30-Jun-20	\$117,944	393,258	(393,258)	-
Deferred rights issued and vested: Mark Williams <sup>(b)</sup>	5-Dec-19	6-Dec-19	\$117,944	393,258	(393,258)	-
Service rights issued and vested: John Tasovac <sup>(a)</sup>	5-Dec-19	30-Jun-20	\$54,775	182,584	(184,584)	-
Deferred rights issued and vested: John Tasovac <sup>(b)</sup>	5-Dec-19	6-Dec-19	\$54,775	182,584	(184,584)	-
Service rights issued and vested: Brendon Shadlow <sup>(a)</sup>	5-Dec-19	30-Jun-20	\$50,562	168,539	(168,539)	-
Deferred rights issued and vested: Brendon Shadlow <sup>(b)</sup>	5-Dec-19	6-Dec-19	\$50,562	168,539	(168,539)	-

(a) 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 2020.

(b) Service Rights issued under the Red 5 Limited Rights Plan which vested on 16 July 2019 and automatically exercised into restricted shares which are subject to disposal restrictions until 30 June 2021.

Share based payments expense for the shares issued, service and deferred rights for KMP's was \$359,234 (2019: \$202,430). The fair value is based on observable market share price at the date of grant.



**11. REMUNERATION REPORT (AUDITED)** (cont.)

**11.8.4 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:

2020	Balance at 1 July 2019	Received through issuing of performance rights <sup>(a)</sup>	Performance rights vested and exercised <sup>(b)</sup>	Performance rights forfeited <sup>(b)</sup>	Balance at reporting date
Mark Williams	9,637,208	2,030,056	(3,369,840)	(2,246,560)	<b>6,050,864</b>
Kevin Dundo	-	-	-	-	-
Ian Macpherson	-	-	-	-	-
Colin Loosemore	-	-	-	-	-
Steven Tombs	-	-	-	-	-
John Tasovac	4,015,667	831,461	(1,440,000)	(960,000)	<b>2,447,128</b>
Brendon Shadlow	2,948,788	764,045	(888,000)	(592,000)	<b>2,232,833</b>
<b>Total</b>	<b>16,601,663</b>	<b>3,625,562</b>	<b>(5,697,840)</b>	<b>(3,798,560)</b>	<b>10,730,825</b>

(a) *Performance Rights 2022 series*

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

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 2020.
	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 2020. Unmet performance conditions have lapsed, as a result these performance rights have been forfeited.

**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 \$126,436 (2019: \$142,298) 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.

### 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 2020.

### 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  
24 September 2020



## 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 2020, 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

24 September 2020



# Consolidated Statement of PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	CONSOLIDATED	
		30 June 2020 \$'000	30 June 2019 \$'000
Sales revenue	5(a)	200,332	153,965
Cost of sales	5(b)	(161,106)	(142,168)
<b>Gross profit</b>		<b>39,226</b>	<b>11,168</b>
<b>Other income and expenses</b>			
Other income	5(c)	1,498	750
Administration and other expenses	5(d)	(9,425)	(9,184)
Care and maintenance	5(e)	(5,607)	(6,360)
Exploration expenditure	13	(4,698)	(3,290)
Financing income	5(f)	336	38
Financing expenses	5(f)	(2,381)	(2,249)
Ineffective portion of cashflow hedges		(6,810)	(456)
Fair value loss on financial liabilities	16(ii)	(967)	(1,646)
<b>Total other income and expenses</b>		<b>(28,054)</b>	<b>(22,397)</b>
<b>Profit/(loss) before income tax expense</b>		<b>11,172</b>	<b>(10,600)</b>
Income tax (expense)/benefit	6	(6,628)	7,570
<b>Net profit/(loss) after income tax for the year</b>		<b>4,544</b>	<b>(3,030)</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Movement in foreign currency translation reserve		2,855	4,437
Re-measurement of defined retirement benefit		(52)	(35)
Changes in fair value of cashflow hedges, net of tax		(21,550)	(4,617)
Ineffective portion of cash flow hedges		6,354	720
<b>Total comprehensive loss for the year</b>		<b>(7,849)</b>	<b>(2,525)</b>
Net profit/(loss) after income tax attributable to:			
Non-controlling interest		85	178
Members of parent entity		4,459	(3,208)
		<b>4,544</b>	<b>(3,030)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>			
Non-controlling interest		153	283
Members of parent company		(8,002)	(2,808)
		<b>(7,849)</b>	<b>(2,525)</b>
<b>Earnings/(loss) per share attributable to shareholders</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share (cents per share)	23	<b>0.33</b>	(0.26)
Diluted earnings/(loss) per share (cents per share)	23	<b>0.32</b>	(0.26)

The accompanying notes form part of these financial statements.

## Consolidated Statement of **FINANCIAL POSITION** as at 30 June 2020

	Note	CONSOLIDATED	
		30 June 2020 \$'000	30 June 2019 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	116,220	10,647
Trade and other receivables	8	11,797	14,718
Inventories	9	36,160	22,567
<b>Total Current Assets</b>		<b>164,177</b>	<b>47,932</b>
<b>Non-Current Assets</b>			
Trade and other receivables	8	257	188
Property, plant and equipment	10	90,517	76,175
Intangible assets	11	24,310	19,729
Mine development	12	27,715	23,883
Exploration and evaluation assets	13	32,361	5,294
Deferred tax asset	6	4,058	3,946
<b>Total Non-Current Assets</b>		<b>179,218</b>	<b>129,215</b>
<b>Total Assets</b>		<b>343,395</b>	<b>177,147</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	41,921	41,442
Financial liability	16	11,853	10,143
Income tax payable	15	1,791	1,564
Employee benefits	19	4,896	4,393
Derivative financial instruments	20	28,983	5,311
Provisions	17	1,116	1,116
Lease liabilities	18	5,932	1,327
<b>Total Current Liabilities</b>		<b>96,492</b>	<b>65,296</b>
<b>Non-Current Liabilities</b>			
Employee benefits	19	156	83
Provisions	17	41,128	31,429
Derivative financial instruments	20	4,392	-
Lease liabilities	18	5,178	959
<b>Total Non-Current Liabilities</b>		<b>50,854</b>	<b>32,471</b>
<b>Total Liabilities</b>		<b>147,346</b>	<b>97,767</b>
<b>Net Assets</b>		<b>196,049</b>	<b>79,380</b>
<b>Equity</b>			
Contributed equity	21	383,887	260,515
Other equity		930	930
Reserves	22	11,654	22,969
Accumulated losses		(196,876)	(201,335)
<b>Total Equity Attributable to Equity Holders of the Company</b>		<b>199,595</b>	<b>83,079</b>
Non-controlling interests		(3,546)	(3,699)
<b>Total Equity</b>		<b>196,049</b>	<b>79,380</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of **CHANGES IN EQUITY** for the year ended 30 June 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY							
	Issued capital \$'000	Accumulated losses \$'000	Other equity \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Share-based payments and other reserves \$'000	Non-controlling interest \$'000	Total \$'000
<b>Balance at 1 July 2019</b>	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
<b>Other comprehensive (loss)/ income for the period:</b>								
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
<b>Total comprehensive income/ (loss) for the period</b>	-	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
<b>Balance at 30 June 2020</b>	<b>383,887</b>	<b>(196,876)</b>	<b>930</b>	<b>27,991</b>	<b>(18,594)</b>	<b>2,257</b>	<b>(3,546)</b>	<b>196,049</b>
<b>Balance at 1 July 2018</b>	260,365	(197,868)	930	20,874	498	435	(3,982)	81,252
Effect of change in accounting standard	-	(282)	-	-	-	-	-	(282)
	260,365	(198,150)	930	20,874	498	435	(3,982)	80,970
Net profit/(loss) for the year	-	(3,208)	-	-	-	-	178	(3,030)
<b>Other comprehensive (loss) / income for the period:</b>								
Foreign currency translation differences	-	-	-	4,330	-	(35)	105	4,400
Change in fair value of cash flow hedges, net of tax	-	-	-	-	(4,617)	-	-	(4,617)
Prior year ineffective portion of cash flow hedges	-	-	-	-	264	-	-	264
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	457	-	-	457
<b>Total comprehensive (loss) / income for the period</b>	-	(3,208)	-	4,330	(3,896)	(35)	283	(2,526)
Issue of deferred and service rights (STI)	-	-	-	-	-	298	-	298
Vested deferred rights converted to ordinary shares	(82)	-	-	-	-	82	-	-
Vested performance rights (LTI) converted to ordinary shares	68	-	-	-	-	(68)	-	-
Shares based payments (LTI)	-	-	-	-	-	640	-	640
Expired performance rights – transfer from reserves	-	23	-	-	-	(25)	-	(2)
<b>Balance at 30 June 2019</b>	<b>260,515</b>	<b>(201,335)</b>	<b>930</b>	<b>25,204</b>	<b>(3,398)</b>	<b>1,163</b>	<b>(3,699)</b>	<b>79,380</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of **CASH FLOWS** for the year ended 30 June 2020

	Note	CONSOLIDATED	
		30 June 2020 \$'000	30 June 2019 \$'000
<b>Cash flows from operating activities</b>			
Cash received from customers		204,479	150,396
Proceeds from royalty agreements		-	229
Payments to suppliers and employees		(149,298)	(124,975)
Payments for exploration and evaluation		(4,698)	(3,290)
Sundry receipts		789	948
Income tax paid		-	-
Interest received		240	38
<b>Net cash from operating activities</b>	30	<b>51,512</b>	<b>23,182</b>
<b>Cash flows used in investing activities</b>			
Payments for property, plant equipment and intangibles		(14,322)	(5,350)
Payments for mine development and pre-operational cost		(12,653)	(42,927)
Receipts from sales offset against mine development		-	21,530
Payments for exploration and evaluation		(21,755)	(5,294)
Payments for acquisition of King of the Hills assets		(818)	(4,500)
Payments for acquisition of Darlot		(5,000)	-
<b>Net cash used in investing activities</b>		<b>(54,548)</b>	<b>(36,541)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		125,000	-
Payments for share issue transaction costs		(6,610)	-
Proceeds from borrowings	16	20,000	8,220
Repayments of borrowings		(8,000)	-
Payment of facility fee on borrowings		(481)	-
Payments of interest		(1,260)	(861)
Repayment of gold loan		(11,079)	-
Proceeds from sale of royalty		-	11,000
Payments of lease liabilities		(9,100)	(1,535)
<b>Net cash from financing activities</b>		<b>108,470</b>	<b>16,824</b>
<b>Net increase in cash and cash equivalents</b>		<b>105,434</b>	<b>3,465</b>
Cash at the beginning of the period		10,647	7,148
Effect of exchange rate fluctuations on cash held		139	34
<b>Cash and cash equivalents at the end of the year</b>	7	<b>116,220</b>	<b>10,647</b>

The accompanying notes form part of these financial statements.



## 1. REPORTING ENTITY

Red 5 Limited (“parent entity”) 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 2020 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 24 September 2020.

### 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.

### 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 2020 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 include mineral rights, asset retirement obligation and software. Intangible assets other than goodwill, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Capitalised software and asset retirement obligation are amortised on a straight-line basis over three years commencing when it is available for use. Mineral rights acquired is amortised over the life of mine.

##### **4.5 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 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.

#### 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.

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

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

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

### 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.

The following significant exchange rates have been applied:

AUD	Average Rate		Year-End Spot Rate	
	2020	2019	2020	2019
Philippine Peso	34.18	37.69	34.22	36.03
USD	0.67	0.71	0.68	0.70

#### 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. SIGNIFICANT ACCOUNTING POLICIES (cont.)

### 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 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### Impairment of Assets

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

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

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### 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.

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.

Commercial production start date for King of the Hills Gold Project was achieved on 1 December 2018.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

##### 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.

##### 4.19 NEW AND REVISED STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2020 reporting period. The Group has elected not to early adopt any of the new standards or interpretations.

##### Changes in significant accounting policies

##### AASB 16 – Leases (effective from 1 July 2019)

The Group has adopted AASB 16 from 1 July 2019 using the modified retrospective method of adoption. The Group has not restated comparatives for the reporting period as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.0 percent.

The impact on the statement of financial position as at 1 July 2019 on adoption of AASB 16 are noted below:

	As at 1 July 2019 \$'000
<b>Assets</b>	
Right-of-use assets - buildings	73
Right-of-use assets - plant and equipment	15,835
<b>Total right-of-use assets</b>	<b>15,908</b>
<b>Liabilities</b>	
Lease liability - current	(7,107)
Lease liability - non-current	(8,801)
<b>Total lease liability</b>	<b>(15,908)</b>

##### AASB 16 Leases – Summary of new accounting policy

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises 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.

- ▲ Right-of-use assets were measured at an amount equal to the lease liabilities.
- ▲ For leases that were classified as finance leases under the previous standard (AASB 117 Leases) there were no changes to the carrying amounts of the right-of-use assets and lease liabilities.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 contracts that contain 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.

##### *Leases accounting policy applicable up to 30 June 2019*

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



**5. REVENUE AND EXPENSES**

	Consolidated	
	Year ended 30 June	
	2020	2019
	\$'000	\$'000
<b>(a) Revenue</b>		
Gold and silver sales	215,946	156,309
Realised losses on cashflow hedges	(15,614)	(2,343)
	<b>200,332</b>	<b>153,965</b>
<b>(b) Cost of sales</b>		
Operating costs	(128,992)	(105,716)
Depreciation and amortisation	(32,114)	(36,452)
	<b>(161,106)</b>	<b>(142,168)</b>
<b>(c) Other income</b>		
Discount forfeited on payment of deferred consideration	750	-
Other income	748	750
	<b>1,498</b>	<b>750</b>
<b>(d) Administration and other expenses</b>		
Employee and consultancy expenses	(3,475)	(3,302)
Share-based payments	(1,812)	(938)
Corporate costs	(1,554)	(1,032)
Legal fees	(627)	(421)
Travel and accommodation	(487)	(353)
Property and other indirect taxes	(234)	(610)
Depreciation	(138)	(142)
Acquisition related costs	(51)	(1,398)
VAT receivable impairment	-	(377)
Other administration overheads	(1,047)	(611)
	<b>(9,425)</b>	<b>(9,184)</b>
<b>(e) Care and maintenance <sup>(1)</sup></b>		
Fuel and utilities	(1,167)	(1,362)
Employee benefit expenses	(1,064)	(1,003)
Other costs	(1,034)	(831)
External services	(977)	(1,677)
Depreciation	(732)	(631)
Materials and consumables used	(275)	(461)
Excise tax and custom duties	(320)	(7)
Movement in stock	(38)	(381)
	<b>(5,607)</b>	<b>(6,360)</b>
<b>(f) Finance income / (expenses)</b>		
Interest income	223	38
Unrealised gains on fuel hedges	113	-
	<b>336</b>	<b>38</b>
Interest expense on borrowings	(1,463)	(297)
Amortisation of borrowing costs	(334)	-
Unwinding of discount on rehabilitation provision	(316)	(599)
Unwinding of interest on gold loan	(196)	(1,074)
Unwinding of discount on deferred consideration on acquisitions	(72)	(279)
	<b>(2,381)</b>	<b>(2,249)</b>
	<b>(2,045)</b>	<b>(2,211)</b>

(1) Care and maintenance costs relating to Siana.

**6 INCOME TAX (PRIMA FACIE)**

	Consolidated	
	Year ended 30 June	
	2020	2019
	\$'000	\$'000
<b>Current income tax</b>		
Current income tax charge	(1,791)	(989)
Adjustment for prior period	1,564	-
	<b>(227)</b>	<b>(989)</b>
<b>Deferred income tax</b>		
Deferred income tax	(4,577)	8,559
Adjustment for prior period	(1,824)	-
	<b>(6,401)</b>	<b>8,559</b>
<b>Income tax charge</b>	<b>(6,628)</b>	<b>7,570</b>
A reconciliation between income tax charge and the numerical profit/(loss) before income tax at the applicable income tax rate is as follows:		
<b>Profit/(loss) before income tax</b>	<b>11,172</b>	<b>(10,600)</b>
At statutory income tax rate of 30% (2019: 30%)	(3,352)	3,180
Deferred tax asset not recognised	(2,134)	(3,058)
<b>Items not allowable for income tax purposes:</b>		
Non-deductible expenses	(376)	(521)
Utilisation of carry forward tax losses not brought to account	1,221	3,325
Reset of the cost base of assets and liabilities (a)	-	4,069
Change in estimates	(1,727)	-
Prior period adjustment	(260)	575
<b>Income tax benefit</b>	<b>(6,628)</b>	<b>7,570</b>
<b>Tax losses and temporary differences not brought to account (tax effected)</b>		
Deductible temporary differences	47,616	45,125
Tax losses	7,770	8,957

Some of the potential deferred tax assets attributable to tax losses and deductible temporary differences have not been brought to account at 30 June 2020. 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.

**6 INCOME TAX (PRIMA FACIE)** (cont.)

Movement in deferred tax balances:

	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)
	<b>3,946</b>	<b>6,513</b>	<b>(6,401)</b>	<b>4,058</b>

	Net balance at 1 July 2018 \$'000	Step up/(down) at formation of tax consolidated group <sup>(a)</sup> \$'000	Recognised in other comprehensive income \$'000	Recognised in profit or loss \$'000	Net balance at 30 June 2019 \$'000
Property, plant and equipment and intangible assets	(9,830)	(1,357)	-	5,493	(5,694)
Exploration and evaluation assets	-	-	-	(1,588)	(1,588)
Inventories	(1,970)	1,970	-	-	-
Other assets	-	(1,044)	-	1,269	225
Provisions and employee benefits	5,777	4,453	-	(683)	9,547
Derivative financial instruments	-	-	1,456	-	1,456
Finance leases	(47)	47	-	-	-
	<b>(6,070)</b>	<b>4,069</b>	<b>1,456</b>	<b>4,491</b>	<b>3,946</b>

(a) Red 5 Limited 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 2020 \$'000	30 June 2019 \$'000
Cash at bank	68,754	10,646
Cash on deposit	47,465	-
Cash on hand	1	1
	<b>116,220</b>	<b>10,647</b>

## 8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
<b>Current assets</b>		
Trade debtors <sup>(a)</sup>	6,242	11,384
Prepayments	3,526	2,530
GST receivable	1,629	494
Sundry debtors	303	308
Interest receivable	97	2
	<b>11,797</b>	<b>14,718</b>
<b>Non-current assets</b>		
VAT receivable	62	4
Security deposits	195	184
	<b>257</b>	<b>188</b>

(a) Trade debtors includes amounts receivable for 2,347 ounces sold on 30 June 2020, equivalent to \$6.08 million (30 June 2019: 5,109 ounces equivalent to \$10.287 million).

## 9 INVENTORIES

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Stores, spares and consumables at cost	11,305	12,487
Run of mine stockpiles at cost (2019: at net realisable value)	15,506	4,023
Gold in circuit at cost (2019: at net realisable value)	8,786	3,823
Crushed ore stockpile at cost (2019: at net realisable value)	380	581
Gold Bullion at cost (2019: at net realisable value)	183	1,653
	<b>36,160</b>	<b>22,567</b>

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. No net realisable value adjustments were made during the year (30 June 2019: \$3.88 million).

During the year \$0.360 million relating to inventory on the acquisition of the Darlot mine was written off (refer to note 11).



**10 PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings	Plant and equipment	Fixtures and fittings	Right of use assets	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
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 <sup>(a)</sup>	-	7,738	30	1,956	6,591	16,315
Disposals <sup>(b)</sup>	-	(1,140)	-	-	-	(1,140)
Transfer from assets under construction	-	259	-	-	(259)	-
Reclassification to right of use assets	-	(3,214)	-	3,214	-	-
Reclassification to intangible assets (refer to note 11)	-	(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
<b>Balance at 30 June 2020</b>	<b>13,264</b>	<b>138,487</b>	<b>2,014</b>	<b>21,080</b>	<b>7,206</b>	<b>182,051</b>
Balance at 1 July 2018	12,844	117,683	2,084	-	2,989	135,600
Additions	49	4,657	-	-	1,523	6,229
Disposals <sup>(b)</sup>	-	-	-	-	(127)	(127)
Transfer from assets under construction	-	2,612	49	-	(2,661)	-
Reclassification to intangible assets	-	(118)	(377)	-	(144)	(639)
Effect of movements in exchange rates	228	7,484	140	-	168	8,020
<b>Balance at 30 June 2019</b>	<b>13,121</b>	<b>132,318</b>	<b>1,896</b>	<b>-</b>	<b>1,748</b>	<b>149,083</b>
<b>Accumulated depreciation</b>						
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 (refer to note 11)	-	82	-	-	-	82
Effect of movements in exchange rates	(98)	(2,473)	(80)	(1)	-	(2,652)
<b>Balance at 30 June 2020</b>	<b>(6,475)</b>	<b>(73,739)</b>	<b>(1,802)</b>	<b>(9,518)</b>	<b>-</b>	<b>(91,534)</b>
Balance at 1 July 2018	(2,207)	(52,910)	(1,503)	-	-	(56,620)
Depreciation for the year	(2,000)	(10,094)	(81)	-	-	(12,175)
Reclassification to intangible assets	-	36	62	-	-	98
Effect of movements in exchange rates	(147)	(3,940)	(124)	-	-	(4,211)
<b>Balance at 30 June 2019</b>	<b>(4,354)</b>	<b>(66,908)</b>	<b>(1,646)</b>	<b>-</b>	<b>-</b>	<b>(72,908)</b>
<b>Carrying amounts</b>						
At 1 July 2018	10,637	64,773	581	-	2,989	78,980
At 30 June 2019	8,767	65,410	250	-	1,748	76,175
<b>At 30 June 2020</b>	<b>6,789</b>	<b>64,748</b>	<b>212</b>	<b>11,562</b>	<b>7,206</b>	<b>90,517</b>

(a) During the year ended 30 June 2020 additions included accommodation facility for the KOTH plant construction, leased assets, sustaining capital and tailing storage facility improvements.

(b) Includes processing plant equipment and tailing storage facility 2 written off at Darlot mine. (30 June 2019: assets under construction at the Siana project written off).

**11 INTANGIBLE ASSETS**

	Mineral Rights and Asset Retirement Obligation	Software	Total
	\$'000	\$'000	\$'000
<b>Cost</b>			
Balance at 1 July 2019	30,357	1,768	32,125
Additions	360	233	593
Reclassification from assets under construction (refer to note 10)	-	14	14
Reclassification of asset retirement obligation (refer to note 10)	2,056	-	2,056
Rehabilitation change due to change in estimate (refer to note 17)	4,626	-	4,626
Rehabilitation change in variables (refer to note 17)	4,543	-	4,543
Effect of movements in exchange rates	103	-	103
<b>Balance at 30 June 2020</b>	<b>42,045</b>	<b>2,015</b>	<b>44,060</b>
Balance at 1 July 2018	31,267	948	32,215
Additions	-	299	299
Reclassification from property, plant and equipment	118	377	495
Reclassification from assets under construction	-	144	144
Rehabilitation change in variables (refer to note 17)	(1,028)	-	(1,028)
<b>Balance at 30 June 2019</b>	<b>30,357</b>	<b>1,768</b>	<b>32,125</b>
<b>Accumulated depreciation</b>			
Balance at 1 July 2019	(11,793)	(603)	(12,396)
Amortisation	(6,664)	(604)	(7,268)
Reclassification of rehabilitation asset (refer to note 10)	(82)	-	(82)
Effect of movements in exchange rates	(4)	-	(4)
<b>Balance at 30 June 2020</b>	<b>(18,543)</b>	<b>(1,207)</b>	<b>(19,750)</b>
Balance at 1 July 2018	(1,472)	(20)	(1,492)
Amortisation	(10,285)	(521)	(10,806)
Reclassification from property, plant and equipment	(36)	(62)	(98)
<b>Balance at 30 June 2019</b>	<b>(11,793)</b>	<b>(603)</b>	<b>(12,396)</b>
<b>Carrying amounts</b>			
At 1 July 2018	29,795	928	30,723
At 30 June 2019	18,564	1,165	19,729
<b>At 30 June 2020</b>	<b>23,502</b>	<b>808</b>	<b>24,310</b>

## 12 MINE DEVELOPMENT

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
<b>(a) Mine development</b>		
Opening balance	143,990	113,512
Development expenditure incurred in current period	12,634	21,397
Foreign currency translation adjustment	5,688	9,081
<b>Closing Balance</b>	<b>162,312</b>	<b>143,990</b>
<i>Accumulated amortisation</i>		
Opening balance	120,107	97,172
Amortisation for the period	9,052	14,251
Foreign currency translation adjustment	5,438	8,684
<b>Closing balance</b>	<b>134,597</b>	<b>120,107</b>
<b>Mine development net book value</b>	<b>27,715</b>	<b>23,883</b>
<b>(b) Deferred mining waste costs</b>		
Opening balance	69,501	63,574
Foreign currency translation adjustment	3,712	5,927
<b>Closing balance</b>	<b>73,213</b>	<b>69,501</b>
<i>Accumulated amortisation</i>		
Opening balance	69,501	63,574
Amortisation for the period	-	-
Foreign currency translation adjustment	3,712	5,927
<b>Closing balance</b>	<b>73,213</b>	<b>69,501</b>
Deferred mining waste costs net book value	-	-
<b>Total mine development net book value</b>	<b>27,715</b>	<b>23,883</b>

## 13 EXPLORATION AND EVALUATION ASSETS

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance	5,294	-
Exploration and evaluation expenditure incurred in current period <sup>(a)</sup>	30,789	8,584
Capitalised exploration costs transferred from assets under construction	976	-
Exploration expenditure transferred to profit or loss <sup>(b)</sup>	(4,698)	(3,290)
<b>Closing Balance</b>	<b>32,361</b>	<b>5,294</b>

(a) During the year ended 30 June 2020, \$20.427 million for final feasibility studies, drilling and related costs at King of the Hills gold project were capitalised (30 June 2019: \$5.294 million). In addition, \$5.665 million was capitalised relating to the acquisition and drilling costs at satellite deposits acquired by Darlot (2019: nil); and exploration of \$4.608 million (2019: \$3.290 million).

(b) The carrying value of exploration costs totalling \$4.698 million were expensed (30 June 2019: \$3.290 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.

## 14 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30 June 2020	30 June 2019
	\$'000	\$'000
<b>Current</b>		
Creditors and accruals	35,899	29,980
Deferred considerations relating to acquisitions <sup>(a)</sup>	-	5,678
Royalties and other indirect taxes	1,994	2,202
Insurance payable	1,641	651
Other creditors	2,387	2,931
	<b>41,921</b>	<b>41,442</b>

(a) During the year ended 30 June 2020, \$5.0 million was paid to Gold Fields pursuant to the October 2017 acquisition agreement for the Darlot gold mine. The payment to Gold Fields finalises all obligations of Red 5 to Gold Fields under the acquisition agreement for Darlot.

## 15 INCOME TAX PAYABLE

	CONSOLIDATED	
	30 June 2020	30 June 2019
	\$'000	\$'000
Income tax payable	1,791	1,564
	<b>1,791</b>	<b>1,564</b>

## 16 FINANCIAL LIABILITY

	(i) Macquarie working capital facility	(ii) Gold loan facility
	30 June 2020	30 June 2019
	\$'000	\$'000
Nominal Interest Rate	BBSY bid rate +4.5%	12%
Loan Term	22 months	12 months
Carrying Value	11,853	10,143
Current borrowings	11,853	10,143
Non-current borrowings	-	-
	<b>11,853</b>	<b>10,143</b>

(i) During August 2019 the company entered into working capital facility agreement of \$20.0 million with Macquarie Bank Limited at a rate of the month-end BBSY 1-month rate plus 4.5%. Interest on the loan is payable monthly in arrears during the term of the loan. Borrowing costs of \$0.481 million to secure this funding have been offset against the principal borrowings amount and are amortised using the effective interest rate method. The interest expense for the period was \$0.862 million.

The working capital facility is secured over the Company's Australian assets and contains financial covenants customary for loans of this type. A breach of covenant may require the Company to repay the facility earlier than indicated in the above table. There have been no breaches in the financial covenants of any loans and borrowings in the current or prior period.

(ii) In the prior financial year, the Company entered into a gold loan facility of 5,015 gold ounces with a Malaysian-based fund, Asian Investment Management Services Ltd (AIMSL). The facility had a 12-month term repayable at maturity and attracts quarterly interest gold payments secured by a security interest in the Company's operating subsidiary companies on a limited recourse basis. The effective interest rate of the gold loan facility was 16.1% which was derived by the movement in the forward gold price at inception. The subsequent fair value measurement of the facility is dependent on forward commodity prices. The loan was classified at amortised cost and the embedded derivative relating to the forward prices of the loan has been recorded at fair value through profit or loss. On 22 August 2019 the principle and final interest obligation was repaid.

## 16 FINANCIAL LIABILITY (cont.)

The movement of the gold loan facility was as follows:

### Gold loan facility movement

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance	10,143	8,220
Unwinding of interest	196	1,073
Interest payments made	(291)	(861)
Realised loss/(gain) on interest payment	64	65
Fair value movement of financial liability	967	1,646
Repayment of loan	(11,079)	-
<b>Closing balance</b>	<b>-</b>	<b>10,143</b>

## 17 PROVISIONS

	Rehabilitation provision <sup>(a)</sup>	MCC final acquisition <sup>(b)</sup>	Documentary stamp duty <sup>(c)</sup>	Withholding tax	Other provisions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	29,320	1,116	1,075	504	530	32,545
Provisions made	-	-	90	-	812	902
Provisions utilised	-	-	-	-	(854)	(854)
Change in rehabilitation estimate	4,626	-	-	-	-	4,626
Change in rehabilitation variables	4,543	-	-	-	-	4,543
Unwinding of discount	316	-	-	-	-	316
Foreign currency translation adjustment	109	-	57	-	-	166
<b>Closing balance</b>	<b>38,914</b>	<b>1,116</b>	<b>1,222</b>	<b>504</b>	<b>488</b>	<b>42,244</b>

### (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) MCC final acquisition provision:

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

### (c) Documentary stamp duty provision:

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

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Current	1,116	1,116
Non-current	41,128	31,429
	<b>42,244</b>	<b>32,545</b>



## 18 LEASE LIABILITIES

Lease liabilities include electricity and gas power plants, vehicles and equipment. Lease liabilities expire between November 2020 and August 2022 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:

Year ended 30 June	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Less than one year	6,385	1,448	453	121	5,932	1,327
Between one and five years	6,330	993	1,152	34	5,178	959
More than five years	-	-	-	-	-	-
	<b>12,715</b>	<b>2,441</b>	<b>1,605</b>	<b>155</b>	<b>11,110</b>	<b>2,286</b>
Current	6,385	1,448	453	121	5,932	1,327
Non-current	6,330	993	1,152	34	5,178	959
	<b>12,715</b>	<b>2,441</b>	<b>1,605</b>	<b>155</b>	<b>11,110</b>	<b>2,286</b>

## 19 EMPLOYEE BENEFITS

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Provision for annual leave	2,600	2,074
Provision for long-service leave	1,416	1,343
Provision for bonuses	1,036	1,059
	<b>5,052</b>	<b>4,476</b>
Current	4,896	4,393
Non-current	156	83
	<b>5,052</b>	<b>4,476</b>

## 20 DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Opening balance	(5,311)	762
Change in fair value of cashflow hedges	(28,064)	(6,073)
<b>Closing balance</b>	<b>(33,375)</b>	<b>(5,311)</b>
Current	(28,983)	(5,311)
Non-current	(4,392)	-
	<b>(33,375)</b>	<b>(5,311)</b>

### Forward contracts designated as hedges

As at 30 June 2020 the Group had a hedge liability position reflecting a negative mark-to-market value of gold contracts. As at year end metal hedges comprise forward contracts for 67,000 ounces of gold (2019: 30,100 ounces) at an average price of \$2,089 per ounce (2019: \$1,844) for the period July 2020 to September 2021.

## 21 CONTRIBUTED EQUITY

### (a) Share capital

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
1,958,845,338 (30 June 2019: 1,243,166,958) ordinary fully paid shares	383,887	260,515

### (b) Movements in ordinary share capital

	CONSOLIDATED	
	Thousand Shares	\$'000
On issue 1 July 2018	1,240,693	260,365
Deferred rights vested and converted to shares	1,174	82
Performance rights vested and converted to shares	1,300	68
<b>On issue at 30 June 2019</b>	<b>1,243,167</b>	<b>260,515</b>
On issue at 1 July 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)
<b>On issue at 30 June 2020</b>	<b>1,958,845</b>	<b>383,887</b>

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	30 June 2020 \$'000
Opening balance 1 July 2019 <sup>(a)</sup>	581	930
<b>Balance 30 June 2020</b>	<b>581</b>	<b>930</b>

(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.

## 22 RESERVES

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
Foreign currency translation reserve <sup>(a)</sup>	27,991	25,204
Deferred retirement benefit	54	106
Share-based payment reserve and other reserves <sup>(b)</sup>	2,203	1,057
Hedging reserve <sup>(c)</sup>	(18,594)	(3,398)
	<b>11,654</b>	<b>22,969</b>

(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.

(b) 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. It also includes other reserves for defined retirement benefit fund for Philippines employees of \$0.054 million (2019: \$0.106 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 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.

## 23 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 2020 \$'000	30 June 2019 \$'000
Net profit/(loss) after income tax attributable to members of the parent company	4,459	(3,208)

	CONSOLIDATED	
	Weighted average number of shares	
	2020	2019
<b>Weighted average number of ordinary shares ('000)</b>		
Issued ordinary shares at 1 July	1,243,167	1,240,693
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	-
Effect of shares issued 31 July 2018	-	1,193
Effect of shares issued 7 December 2018	-	663
<b>Weighted average number of ordinary shares at 30 June (basic)</b>	<b>1,359,792</b>	<b>1,242,549</b>
Weighted-average number of ordinary shares (basic):	1,359,792	1,242,549
Effect of performance rights contingently issuable	29,199	25,958
Effect of service rights contingently issuable	1,267	667
<b>Weighted average number of ordinary shares at 30 June (diluted)</b>	<b>1,390,258</b>	<b>1,269,174</b>
Basic profit/(loss) per share (cents per share)	<b>0.33</b>	<b>(0.26)</b>
Diluted profit/(loss) per share (cents per share)	<b>0.32</b>	<b>(0.26)</b>

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

## 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 Director*

**Mark Williams** – *Managing Director*

### *Non-Executive Directors*

**Kevin Dundo**

**Ian Macpherson**

**Colin Loosemore**

**Steve Tombs**

### *Other executives*

**John Tasovac** – *Chief Financial Officer*

**Brendan Shadlow** – *General Manager Operations*

### *Company Secretary*

**Frank Campagna** – *Company Secretary*

### *Compensation of key management personnel*

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

	CONSOLIDATED	
	30 June 2020	30 June 2019
	\$	\$
<b>Key management personnel</b>		
Short term benefits including service and deferred rights	2,388,461	2,051,439
Post-employment benefits	124,491	140,904
Long term benefits	72,472	61,784
Share based payments	389,142	271,065
	<b>2,974,566</b>	<b>2,525,192</b>

### *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, Mr Colin Loosemore and Mr Steven Tombs invoice through their private companies for Directors fees, they are not separate entities that provide consulting services to the Company. Mr Dundo, Mr Macpherson, Mr Loosemore and Mr Tombs 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	
	2020 \$	2019 \$
Amounts paid or due and payable to the auditor for:		
Auditing and reviewing financial reports		
– KPMG Australia	151,931	136,904
– overseas KPMG firms	38,693	35,090
Taxation advisory services		
– KPMG Australia	117,940	130,749
– overseas KPMG firms	8,496	7,705
Other advisory services	-	3,844
	<b>317,060</b>	<b>314,292</b>

## 26 CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED	
	30 June 2020 \$'000	30 June 2019 \$'000
<b>Capital expenditure commitments</b>		
Contracted but not provided for:		
- not later than one year	295	229
	<b>295</b>	<b>229</b>
<b>Contractual expenditure commitments</b>		
Non-capital expenditure commitments:		
- not later than one year	5,146	5,932
- later than one year but not later than two years	-	-
- later than two years but not later than five years	-	-
	<b>5,146</b>	<b>5,932</b>
<b>Tenement expenditure commitments:</b>		
- not later than one year	4,193	4,090
- later than one year but not later than two years	586	-
	<b>4,779</b>	<b>4,090</b>

## 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.

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 <sup>(a)</sup>	Philippines	Other <sup>(b)</sup>	Total
	\$'000	\$'000	\$'000	\$'000
<b>(i) Segment performance</b>				
<b>Year ended 30 June 2020</b>				
Revenues <sup>(c)</sup>	200,332	-	-	200,332
	<b>200,332</b>	<b>-</b>	<b>-</b>	<b>200,332</b>
<b>Segment result before tax</b>	<b>33,594</b>	<b>(6,179)</b>	<b>(16,243)</b>	<b>11,172</b>
Included within segment result:				
Other income	301	447	750	1,498
Interest income	20	7	309	336
Finance expenses	(780)	(20)	(1,581)	(2,381)
Exploration costs expensed	(4,609)	(89)	-	(4,698)
Depreciation and amortisation	(32,166)	(732)	(86)	(32,984)
<b>Year ended 30 June 2019</b>				
Revenues <sup>(c)</sup>	153,509	-	-	153,509
	<b>153,509</b>	<b>-</b>	<b>-</b>	<b>153,509</b>
<b>Segment result before tax</b>	<b>10,565</b>	<b>(8,108)</b>	<b>(13,057)</b>	<b>(10,600)</b>
Included within segment result:				
Other income	542	208	-	750
Interest income	20	7	11	38
Finance costs	(847)	(16)	(1,386)	(2,249)
Exploration costs expensed	(3,186)	(105)	-	(3,291)
VAT receivable impairment	-	(377)	-	(377)
Depreciation and amortisation	(36,508)	(638)	(86)	(37,232)
<b>(ii) Segment Assets</b>				
<b>As at 30 June 2020</b>				
<b>Segment assets</b>	<b>184,555</b>	<b>60,672</b>	<b>98,168</b>	<b>343,395</b>
Additions to non-current assets:				
Plant and equipment expenditure	31,657	553	13	32,223
Intangible assets	9,751	-	11	9,762
Development expenditure	12,540	94	-	12,634
<b>As at 30 June 2019</b>				
<b>Segment assets</b>	<b>113,350</b>	<b>58,966</b>	<b>4,831</b>	<b>177,147</b>
Additions to non-current assets:				
Plant and equipment expenditure	6,039	176	14	6,229
Intangible assets	284	-	15	299
Development expenditure	21,393	5	-	21,398

**28 SEGMENT INFORMATION** (cont.)

	Australia <sup>(a)</sup> \$'000	Philippines \$'000	Other <sup>(b)</sup> \$'000	Total \$'000
<b>(iii) Segment Liabilities</b>				
<b>As at 30 June 2020</b>				
<b>Segment liabilities</b>	122,511	8,945	15,890	147,346
<b>As at 30 June 2019</b>				
<b>Segment liabilities</b>	65,218	8,282	24,267	97,767

(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. In the previous year the segment liability included the deferred consideration payable to the sellers relating to the acquisitions of Darlot project.

(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	
			2020	2019
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 <sup>(a)</sup>	Philippines	Ordinary	40	40
Surigao Holdings and Investments Corporation <sup>(a)</sup>	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 2020 \$'000	30 June 2019 \$'000
<b>Operating profit/(loss) after income tax</b>	<b>4,544</b>	<b>(3,030)</b>
Amortisation and depreciation	32,984	37,232
Non-cash stockpile movements	(1,250)	(4,751)
Ineffective portion of cashflow hedges	6,353	457
VAT receivable impairment	320	377
Deferred tax	6,401	(10,015)
Share based payment	1,451	938
Tax expense	-	-
Interest expenses	1,463	297
Unrealised exchange gain	(50)	3
Accrued gold loan interests	131	213
Unwinding of asset retirement obligation	316	599
Unwinding deferred consideration	72	279
Change in value of gold loan	967	1,646
Amortisation of borrowing costs	334	-
Unrealised gains on fuel hedges	(113)	-
Discount forfeited on payment of deferred consideration	(750)	-
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in inventories	(13,593)	(965)
Decrease/(increase) in receivables	2,921	(3,246)
Increase in payables	8,281	2,470
Increase/(decrease) in income tax payable	227	825
Increase/(decrease) in provisions	503	(147)
<b>Net cash inflow from operating activities</b>	<b>51,512</b>	<b>23,182</b>

### 31 SHARE-BASED PAYMENT ARRANGEMENTS

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

#### Movement of Performance Rights year ended 30 June 2020

Performance rights Series	Balance at 1 July 2019	Granted <sup>(a)</sup>	Vested <sup>(b)</sup>	Forfeited <sup>(c)</sup>	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
<b>Total</b>	<b>33,560,099</b>	<b>10,442,031</b>	<b>(10,991,282)</b>	<b>(7,327,519)</b>	<b>25,683,329</b>

#### Movement of Performance Rights year ended 30 June 2019

Performance rights Series	Balance at 1 July 2018	Granted	Vested <sup>(e)</sup>	Forfeited <sup>(e)</sup>	Balance at 30 June 2019
2020 Series	18,243,200	2,675,601	(1,300,000)	(1,300,000)	18,318,801
2021 Series	-	15,241,298 <sup>(d)</sup>	-	-	15,241,298
<b>Total</b>	<b>18,243,200</b>	<b>17,916,899</b>	<b>(1,300,000)</b>	<b>(1,300,000)</b>	<b>33,560,099</b>

#### (a) Performance rights granted during the year ended 30 June 2020:

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 2019 to the vesting date which is 30 June 2022 if the conditions are met.

Details of the performance rights granted during the period 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		<b>10,442,031</b>
Value per right	\$0.251		\$0.256		\$0.256		\$0.256		
Valuation per tranche	\$1,310,475		\$534,631		\$534,631		\$267,317		<b>\$2,647,055</b>
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 2020.
	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 2020 and were converted to shares subsequent to 30 June 2020.

(c) Unmet performance conditions have lapsed as at 30 June 2020, as a result they have been forfeited.

**31 SHARE-BASED PAYMENT ARRANGEMENTS** (cont.)

(d) Details of Performance rights granted during the year ended 30 June 2019 are summarised below:

**Managing Director (2021 series)**

	Tranche A		Tranche B		Tranche C		Tranche D	Total
Number of performance rights	2,010,404		804,162		804,162		402,080	<b>4,020,808</b>
Value per right	\$0.038		\$0.048		\$0.048		\$0.048	
Valuation per tranche	\$76,395		\$38,600		\$38,600		\$19,300	<b>\$172,895</b>
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 2019.
	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			

**Senior Management (2021 series)**

	Tranche A		Tranche B		Tranche C		Tranche D	Total
Number of performance rights	5,610,244		2,244,098		2,244,098		1,122,050	<b>11,220,490</b>
Value per right	\$0.045		\$0.057		\$0.057		\$0.057	
Valuation per tranche	\$252,461		\$127,917		\$127,917		\$63,957	<b>\$572,252</b>
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - 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.)

(e) Issue of fully paid ordinary shares to Mr Steve Tombs following the early vesting and exercise of performance rights in accordance with the discretionary provisions of the Red 5 Limited Rights Plan.

#### Fair Value of Performance Rights

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

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 2020:

	Performance Rights (2022 series)	Managing Director (2021 series)	Senior Management (2021 series)
<b>Model Inputs</b>			
Grant date	20 Nov 2019	21 Nov 2018	11 Dec 2018, 12 & 19 April 2019
Value of the underlying security at grant date	\$0.30	\$0.07	\$0.079
Exercise price	nil	nil	nil
Dividend yield	nil	nil	nil
Risk free rate	0.71%	2.12%	1.95%
Volatility	Tranche A: 70% Tranches B C D: 70%	Tranche A: 70% Tranches B C D: 80%	Tranche A: 70% Tranches B-D: 80%
Performance period (years)	3.00	3.00	3.00
Commencement of measurement period	1 July 2019	1 July 2018	1 July 2018
Vesting date	30 June 2022	30 June 2021	30 June 2021
Remaining performance period (years)	2.61	2.61	2.53
<b>Weighted average fair value per option</b>	<b>\$0.25</b>	<b>\$0.043</b>	<b>\$0.051</b>
No. performance rights	10,442,031	4,020,808	11,220,490
<b>Total Valuation</b>	<b>\$2,647,055</b>	<b>\$172,895</b>	<b>\$572,245</b>

#### Shares issued, Service and Deferred Rights

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised up to reporting date	Forfeited	Outstanding at 30 June 2020
Service rights issued and vested: Mark Williams <sup>(a)</sup>	5-Dec-19	30-Jun-20	\$117,944	393,258	(393,258)	-	-
Deferred rights issued and vested: Mark Williams <sup>(b)</sup>	5-Dec-19	6-Dec-19	\$117,944	393,258	(393,258)	-	-
Service rights issued and vested: John Tasovac <sup>(a)</sup>	5-Dec-19	30-Jun-20	\$54,775	182,584	(184,584)	-	-
Deferred rights issued and vested: John Tasovac <sup>(b)</sup>	5-Dec-19	6-Dec-19	\$54,775	182,584	(184,584)	-	-
Service rights issued and vested: Brendon Shadlow <sup>(a)</sup>	5-Dec-19	30-Jun-20	\$50,562	168,539	(168,539)	-	-
Deferred rights issued and vested: Brendon Shadlow <sup>(b)</sup>	5-Dec-19	6-Dec-19	\$50,562	168,539	(168,539)	-	-

(a) *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 2020.*

(b) *Service Rights issued under the Red 5 Limited Rights Plan which vested on 16 July 2019 and automatically exercised into restricted shares which are subject to disposal restrictions until 30 June 2021.*

Share based payments expense for the shares issued, service and deferred rights was \$0.381 million, (2019: \$0.298 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	
	30 June 2020 \$'000	30 June 2019 \$'000
Trade and other receivables	11,797	14,718
Cash and cash equivalents	116,220	10,647
Non-current receivables	257	188

### 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.

## 32 FINANCIAL RISK MANAGEMENT OVERVIEW (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
<b>As at 30 June 2020</b>					
Trade and other payables	41,921	(41,921)	(41,921)	-	-
Lease liabilities	11,110	(12,715)	(4,601)	(1,784)	(6,330)
	<b>53,031</b>	<b>(54,636)</b>	<b>(46,522)</b>	<b>(1,784)</b>	<b>(6,330)</b>
<b>As at 30 June 2019</b>					
Trade and other payables	41,441	(41,441)	(41,441)	-	-
Finance lease liabilities	2,286	(2,441)	(799)	(649)	(993)
	<b>43,727</b>	<b>(43,882)</b>	<b>(42,240)</b>	<b>(649)</b>	<b>(993)</b>

### 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 2020 the Group held gold forward contracts to hedge the exposure of future gold sales. The following table sets out the current hedge position and fair value as at 30 June 2020:

	No. of contracts	Gold sold	Maturity		
			0-6 months	7-12 months	More than 1 year
			\$'000	\$'000	\$'000
<b>As at 30 June 2020</b>	<b>7</b>	<b>67,000 oz</b>	<b>(13,652)</b>	<b>(15,330)</b>	<b>(4,392)</b>
As at 30 June 2019	41	30,100 oz	(5,311)	-	-

#### 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	Other Comprehensive Income	
		10% increase	10% decrease
	\$'000	\$'000	\$'000
<b>30 June 2020</b>			
Derivative financial instruments	<b>33,375</b>	<b>(12,134)</b>	<b>12,134</b>
<b>30 June 2019</b>			
Derivative financial instruments	5,311	(5,556)	5,556

## 32 FINANCIAL RISK MANAGEMENT OVERVIEW (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.

#### Exposure to currency risk

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

	CONSOLIDATED Carrying amount	
	30 June 2020	30 June 2019
	A\$'000	A\$'000
Cash	268	614
Trade debtors	-	524
Trade payables	(625)	(568)
<b>Gross balance sheet exposure</b>	<b>(357)</b>	<b>570</b>

#### Sensitivity analysis

A 10 per cent strengthening of the Australian dollar against the United States dollar on the 30 June 2020 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 2019.

	CONSOLIDATED Profit or loss
	A\$'000
<b>30 June 2020 – US\$</b>	<b>(36)</b>
30 June 2019 – US\$	(57)

A 10 per cent weakening of the Australian dollar against the above currencies at 30 June 2020 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	
	30 June 2020	30 June 2019
	\$'000	\$'000
Cash and cash equivalents	104,367	10,646
Security deposits	195	184
	<b>104,562</b>	<b>10,830</b>

### 32 FINANCIAL RISK MANAGEMENT OVERVIEW (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 2020 an average of 0.5% interest rate is in place across all cash balances and that all other variables remain constant. In 2019 the analysis assumed an increase or decrease of 100 basis points in interest rates.

	Profit or loss		Equity	
	100bp increase \$'000	50bp/100bp decrease \$'000	100bp increase \$'000	50bp/100bp decrease \$'000
<b>CONSOLIDATED</b>				
<b>30 June 2020</b>				
Variable rate instruments	1,046	(523)	1,046	(523)
<b>30 June 2019</b>				
Variable rate instruments	108	(108)	108	(108)

#### 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 \$33.375 million (30 June 2019: liability of \$5.311 million);
- ▲ Embedded derivative on gold loan, nil (30 June 2019: \$1.646 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.



### 34 DEED OF CROSS GUARANTEE (cont.)

The subsidiaries subject to the Deed are:

- ▲ Opus Resources Pty Ltd
- ▲ Darlot Mining Company Pty Ltd

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

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 2020 is set out as follows:

#### (a) Statement of Other Comprehensive Income

	CLOSED GROUP Year ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Sales revenue	138,744	113,915
Cost of sales	(97,994)	(83,002)
<b>Gross profit/(loss)</b>	<b>40,750</b>	<b>30,913</b>
<b>Other income and expenses</b>		
Other income	734	364
Administration and other expenses	(21,492)	(36,540)
Exploration expenditure	(4,608)	(3,186)
<b>Operating profit/(loss)</b>	<b>15,384</b>	<b>(8,449)</b>
Finance income	211	30
Finance expenses	(1,674)	(1,917)
<b>Net financing expense</b>	<b>(1,463)</b>	<b>(1,887)</b>
<b>Profit/(loss) before tax</b>	<b>13,921</b>	<b>(10,336)</b>
Income tax (expense)/benefit	(6,628)	7,570
<b>Profit/(loss) after tax for the year</b>	<b>7,293</b>	<b>(2,766)</b>
<b>Other comprehensive income/(loss)</b>		
Changes in fair value of cashflow hedges, net of tax	(21,550)	(4,617)
Ineffective portion of cash flow hedges	6,354	720
<b>Total comprehensive loss for the year</b>	<b>(7,903)</b>	<b>(6,663)</b>

**34 DEED OF CROSS GUARANTEE** (cont.)

## (b) Statement of Financial Position

	CLOSED GROUP	
	Year ended	
	30 June 2020	30 June 2019
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	104,681	8,366
Trade and other receivables	10,165	12,840
Inventories	20,065	14,471
<b>Total current assets</b>	<b>134,911</b>	<b>35,677</b>
Trade and other receivables	232,153	126,022
Property, plant and equipment	58,776	31,675
Intangible assets	2,140	2,333
Investments	658	658
Deferred tax asset	4,058	3,946
<b>Total non-current assets</b>	<b>297,785</b>	<b>164,634</b>
<b>Total assets</b>	<b>432,696</b>	<b>200,311</b>
<b>Liabilities</b>		
Trade and other payables	21,639	22,042
Employee benefits	5,047	4,385
Income tax payable	1,791	1,564
Lease liabilities	3,779	1,084
Derivative financial instruments	28,983	-
<b>Total current liabilities</b>	<b>61,239</b>	<b>29,075</b>
Trade and other payables	129,281	59,484
Employee benefits	-	83
Provisions	24,710	15,914
Lease liabilities	5,172	921
Financial liability	11,853	10,143
Derivative financial instruments	4,392	5,311
<b>Total non-current liabilities</b>	<b>175,408</b>	<b>91,856</b>
<b>Total liabilities</b>	<b>236,647</b>	<b>120,931</b>
<b>Net assets</b>	<b>196,049</b>	<b>79,380</b>
<b>Equity</b>		
Contributed equity	383,887	260,515
Other equity	930	930
Reserves	(16,337)	(2,341)
Accumulated losses	(172,431)	(179,724)
<b>Total equity</b>	<b>196,049</b>	<b>79,380</b>

### 35 PARENT ENTITY DISCLOSURES

	PARENT ENTITY	
	30 June 2020 \$'000	30 June 2019 \$'000
<b>(a) Finance position</b>		
<b>Assets</b>		
Current assets	93,589	426
Non-current assets	308,560	165,611
<b>Total assets</b>	<b>402,149</b>	<b>166,037</b>
<b>Liabilities</b>		
Current liabilities	200,261	85,347
Non-current liabilities	5,839	1,310
<b>Total liabilities</b>	<b>206,100</b>	<b>86,657</b>
<b>Equity</b>		
Contributed equity	383,887	260,515
Other equity	930	930
Reserves	(16,337)	(2,341)
Accumulated losses	(172,431)	(179,724)
<b>Total equity</b>	<b>196,049</b>	<b>79,380</b>
<b>(b) Finance performance</b>		
Profit/(loss) for the year	7,293	1,875
Other comprehensive income	(15,196)	(3,896)
<b>Total comprehensive profit/(loss) for the year</b>	<b>(7,903)</b>	<b>(2,021)</b>
<b>(c) Financial commitments</b>		
Low value and short term leases:		
- Not later than one year	-	62
<b>Total financial commitments</b>	<b>-</b>	<b>62</b>

#### (d) Contingent liabilities

The parent entity did not have any contingent liabilities at 30 June 2020 (2019: \$nil)

### 36 SUBSEQUENT EVENTS

#### King of the Hills processing plant construction

On 15 September 2020, the Company announced the Final Feasibility Study (FFS) for a proposed new 4Mtpa bulk mining and processing operation at the King of the Hills (KOTH) Gold Project, located in the Eastern Goldfields region of Western Australia.

## DIRECTORS' DECLARATION


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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 2020 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 2020.

Signed in accordance with a resolution of the Directors.



**Kevin Dundo**  
*Chairman*

Perth, Western Australia  
24 September 2020



## 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 2020 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 2020
- 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
- Property, Plant and Equipment, Mine Development and Exploration and Evaluation Assets

**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.





Sales Revenue (\$200.332 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 was considered to be a key audit matter. Gold sales revenue from its Darlot and King of the Hills (KOTH) operations was the most significant item in the consolidated statement of profit or loss (\$200.332m).</p> <p>We focused on the following judgements the Group applied in determining sales revenue:</p> <ul style="list-style-type: none"> <li>Assessing the revenue recognised against the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>;</li> <li>The application of hedge accounting for gold forward contracts in accordance with AASB 9 <i>Financial Instruments</i>. The Group engages external experts to prepare hedge documentation and determine hedge ineffectiveness.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>For gold sales recognised during the year we obtained the sales invoice and compared the ounces of gold sold to third party statements from the refinery and cash received in the bank;</li> <li>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;</li> <li>We compared realised hedging gains and losses to counterparty statements for gold forward hedges during the year;</li> <li>For gold forward hedges not realised as at 30 June 2020, we checked open positions to counterparty statements, reassessed the fair value of the open positions on a sample basis and checked the hedge effectiveness;</li> <li>We assessed the scope, objectivity and competence of the Group's external experts responsible for preparation of hedge documentation and effectiveness assessment.</li> <li>Working with our valuation specialists, we evaluated the hedge documentation and hedge accounting for compliance with AASB 9 <i>Financial Instruments</i>.</li> </ul>
Property, Plant and Equipment (\$90.517m), Mine Development (\$27.715m) and Exploration and Evaluation Assets (\$32.361m)	
Refer to Notes 10, 12 & 13 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Existence, accuracy and valuation of expenditure capitalised as an asset as part of the Group's mining operations was considered to be a key audit matter. Property, Plant and Equipment (\$90.517m), Mine Development (\$27.715m) and Exploration and Evaluation Assets (\$32.361m), together represent 43.9% of total assets.</p> <p>The Group applied judgement in the identification and allocation of cost between operating expenditure and capitalised expenditure. The risks we focused on included:</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Test of controls and inputs relating to the authorisation and accuracy of the recording, classification and payment of expenditure;</li> <li>Assessment of the allocation of costs between operating expenditure (including inventory stockpiles), capital expenditure and exploration &amp; evaluation assets by inspecting documentation on a sample basis and assessing the nature of the underlying activity;</li> <li>For a sample of supplier and contractor invoices we checked the timing and nature of recorded expenditure against the details of the service description on the invoice or contract;</li> </ul>



The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>• The existence of capital expenditure;</li> <li>• The capital nature of expenditure, particularly the determination of capitalised Exploration and Evaluation assets in accordance with the group's accounting policies and the criteria in AASB 6 Exploration for and Evaluation of Mineral Resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Challenging the Group's assertion as to the presence of no impairment or reversal indicators. This included assessing the status of the Siana mine, financial performance against forecasts and comparing forecast prices to published views of market commentators on future trends;</li> <li>• Evaluating the Group's accounting policy to recognise Exploration and Evaluation Assets using the criteria in AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. This included assessment of the Group's determination of its areas of interest for consistency with the definition in the standard;</li> </ul>

## 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, Resources and Reserves Statement and Corporate Directory. The Chairman's Review, Managing Director's Report, 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 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](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 2020, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

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

### Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020

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

24 September 2020

## STATEMENT OF SHAREHOLDERS *as at 18 September 2020*

### DISTRIBUTION OF SHARE AND RIGHTS HOLDERS

			Number of holders	
			Fully paid shares	Unlisted rights
1	-	1,000	717	-
1,001	-	5,000	1,586	-
5,001	-	10,000	979	-
10,001	-	100,000	2,875	2
100,001		and over	788	52
			<b>6,945</b>	<b>54</b>
Including holdings of less than a marketable parcel			829	

### TWENTY LARGEST HOLDERS OF FULLY PAID SHARES

Shareholder	Shares	%
1. HSBC Custody Nominees (Australia) Limited	642,128,651	32.59
2. Citicorp Nominees Pty Ltd	341,672,500	17.34
3. JP Morgan Nominees Australia Pty Ltd	238,128,076	12.08
4. UBS Nominees Pty Ltd	46,444,896	2.36
5. Gwynvill Trading Pty Ltd	28,717,449	1.46
6. HSBC Custody Nominees (Australia) Limited	27,447,035	1.39
7. BNP Paribas Noms Pty Ltd	23,353,345	1.19
8. Gary B Branch Pty Ltd	19,113,250	0.97
9. National Nominees Limited	19,042,334	0.97
10. BNP Paribas Nominees Pty Ltd	13,698,390	0.70
11. Brispot Nominees Pty Ltd	13,165,935	0.67
12. CS Fourth Nominees Pty Ltd	12,938,878	0.66
13. VSG Resources Pty Ltd	11,190,476	0.57
14. CS Third Nominees Pty Ltd	9,426,180	0.48
15. Provedore Holdings Pty Ltd	7,300,000	0.37
16. Dampier Consulting Pty Ltd	6,757,837	0.34
17. John Colin Loosemore & Susan Loosemore	6,465,537	0.33
18. VSG Resources Pty Ltd	6,171,679	0.31
19. Neweconomy Com Au Nominees Pty Ltd	5,983,431	0.30
20. VSG Resources Pty Ltd	5,549,623	0.28
	<b>1,484,695,502</b>	<b>75.36</b>

### 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.

## STATEMENT OF SHAREHOLDERS as at 18 September 2020 (cont.)

### SUBSTANTIAL SHAREHOLDERS

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

Shareholder	Number of shares	%
Franklin Resources Inc	233,466,976	11.85
Bank of America Corporation	115,562,576	5.86
Ruffer LLP	112,942,901	5.73
Electrum Strategic Opportunities Fund II LP	111,111,112	5.64

### 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 (2021)	15,241,298	Mark Williams	4,020,808	26.38
Performance rights (2022)	10,442,031	-	-	-

### CORPORATE GOVERNANCE STATEMENT

The Company's 2020 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*)

#### 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](mailto:info@red5limited.com)  
 Web-site: [www.red5limited.com](http://www.red5limited.com)

#### MANILA OFFICE

Greenstone Resources Corporation  
 Unit 507-508, 5th Floor  
 Coherco Financial Tower  
 Investment corner Trade Sts.  
 Madrigal Business Park  
 Ayala, Alabang  
 Muntinlupa City  
 Philippines 1780

Telephone: (63-2) 8804 5600  
 Facsimile: (63-2) 8807 6658

#### SHARE REGISTRY

Automic Pty Ltd  
 Level 2  
 267 St Georges Terrace  
 Perth WA 6000  
 Telephone: 1300 288 664  
 E-mail: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)  
 Web-site: [www.automicgroup.com.au](http://www.automicgroup.com.au)

#### BANKERS

Commonwealth Bank of Australia Limited  
 National Australia Bank Limited

#### AUDITORS

KPMG

#### SOLICITORS

HopgoodGanim  
 SyCip Salazar Hernandez & Gatmaitan  
 (Philippines)

#### STOCK EXCHANGE LISTING

Australian Securities Exchange  
 Trading code: RED





**RED 5** Limited ABN 73 068 647 610

[www.red5limited.com](http://www.red5limited.com)

