



RED 5 LIMITED

ABN 73 068 647 610

AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



APPENDIX 4D – RESULTS FOR ACCOUNCEMENT TO THE MARKET

This Appendix 4D is to be read in conjunction with the 2022 Annual Report, the 31 December 2022 Interim Consolidated Financial Report and Directors' Report.

Reporting Period

The reporting period is the half-year ended 31 December 2022. The previous corresponding period is 31 December 2021.

All amounts are in Australian Dollars, unless otherwise stated.

	31 December 2022	31 December 2021	Change	
	A\$000	A\$000	A\$000	%
Revenue from ordinary activities	159,819	80,072	79,747	100%
Loss from ordinary activities after tax	(28,535)	(5,840)	(22,695)	(389%)
Net loss after tax attributable to members	(28,535)	(5,759)	(22,776)	(395%)

No dividend was paid or proposed during the half-year ended 31 December 2022 (half-year ended 31 December 2021: Nil).

The Group incurred a loss from operations for the period of \$5.930 million (31 December 2021: operating loss of \$18.720 million) and a net loss for the period of \$28.535 million (31 December 2021: net loss of \$5.840 million). The operating loss was reflective of the ramp up of mining activities at the new King of the Hills Gold Mine in Western Australia, with commercial production being announced on 16 December 2022.

Sales generated comprised 65,105 ounces of gold, contributing to gross sales of \$159.819 million. Cost of sales of \$165.749 million comprised production costs, royalties, movement in stockpiles and depreciation charge. General and administrative expenses of \$7.966 million and financing expenses of \$11.037 million on borrowings were the main contributors to the net loss after tax of \$28.535 million for the half-year ended 31 December 2022.

Net tangible assets

The net tangible assets per ordinary share for the half-year ended 31 December 2022 was \$0.08 (30 June 2022: \$0.08).

Investments in controlled entities

During the period, there were no changes in control over Group entities.

Investments in associates and joint ventures

Red 5 Limited does not have any interests in associates or joint venture entities as at 31 December 2022.

Half Year Review and accounting standards

The report is based on the condensed interim consolidated financial report that has been subject to a review by the Company's auditors. All entities incorporated into the consolidated Group's results were prepared under Australian Accounting Standards (AASBs) which comply with the International Financial Reporting Standards (IFRS).



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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Kevin A Dundo (Chairman)

Mark J Williams (Managing Director)

Ian K Macpherson (Non-Executive Director)

John C Loosemore (Non-Executive Director)

Steve L Tombs (Non-Executive Director)

Andrea J Sutton (Non-Executive Director)

Fiona E Harris (Non-Executive Director, resigned 6 December 2022)

COMPANY SECRETARY

Frank Campagna

REGISTERED OFFICE

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Perth WA 6000

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International: +61 2 9698 5414

Email: hello@automicgroup.com.au

Web-site: www.automicgroup.com.au

BANKERS

Hongkong and Shanghai Banking Corporation Limited

Macquarie Bank Limited

BNP Paribas

AUDITORS

KPMG

SOLICITORS

HopgoodGanim

STOCK EXCHANGE LISTING

Shares in Red 5 Limited are quoted on the Australian Securities Exchange.

Trading code: RED



DIRECTORS' REPORT

The Directors of Red 5 Limited ("Red 5" or "parent entity") present their report on the results and state of affairs of Red 5 and its subsidiaries ("the Group" or the "consolidated entity") for the half year ended 31 December 2022.

DIRECTORS

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

- Kevin A Dundo (Chairman)
- Mark J Williams (Managing Director)
- Ian K Macpherson (Non-Executive Director)
- John C Loosemore (Non-Executive Director)
- Steve L Tombs (Non-Executive Director)
- Andrea J Sutton (Non-Executive Director)
- Fiona E Harris (Non-Executive Director, resigned 6 December 2022)

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

RESULTS OF OPERATIONS

A net loss of the consolidated entity after income tax for the half-year ended 31 December 2022 was \$28.535 million (31 December 2021: \$5.840 million).

REVIEW OF OPERATIONS

During the half-year under review, Red 5 completed the ramp-up to steady-state gold production at the King of the Hills (KOTH) mine, located in the Eastern Goldfields region of Western Australia, following the completion of its newly constructed processing plant. Mining operations continued at the Darlot underground mine throughout the reporting period, with operations at the Darlot processing plant completed on 28 July 2022. Darlot ore is now being trucked to the KOTH processing hub.

	Units	Half-year ended	
		31 Dec 2022	31 Dec 2021
Mined tonnes	t	2,074,034	720,300
Mined grade	g/t	1.00	1.71
Tonnes milled	t	2,012,624	530,274
Average head grade	g/t	1.07	2.09
Recovery	%	90.6	92.5
Gold recovered	oz	62,944	32,898
Gold operational sales	oz	65,105	31,761

The Group delivered total gold production from its King of the Hills, Darlot and Great Western mines of 62,944 ounces for the six months ending 31 December 2022, recovered from 2,012,624 tonnes of ore processed at an average head grade of 1.07g/t Au.

Gold sales of 65,105 ounces for the half-year underpinned revenue of \$159.819 million. The Group posted a gross operating loss of \$5.930 million.

The Company had a hedging position at the end of the period of 293,863 ounces of flat forward contracts with an average price of A\$2,420 per ounce (2022: 189,651 ounces at an average price of A\$2,154 per ounce).

The gross operating loss reflects the impact of reduced ounces produced and sold as a consequence of lower mill throughput due to plant availability, lower feed grade during initial stage of open pit mining and lower recovery attributed in part to poor carbon quality.

In July 2022, the Darlot Gold Mine transitioned to a satellite underground mine to King of the Hills, with the majority of surface employees at Darlot now transitioned to King of the Hills. The Darlot process plant was placed into care and maintenance.



Mining

KOTH Open Pit

The KOTH open pit schedule was inhibited in the early part of the reporting period by COVID-absenteeism delaying progress towards higher-grade ore resulting in lower than planned average head grade. A “catch-up” plan was developed with Macmahon in August 2022, and additional resources were put in place to commence reinstating the mining schedule to achieve FY23 production plans. Plant reliability and continuity of ore tonnes and grade improved during the December Quarter as mining progressed deeper into the Stage 1 pit and, importantly, reached the granodiorite/ultramafic contact where the majority of mineralisation at KOTH is located.

KOTH Underground

The KOTH underground ramp-up schedule was impacted during the September Quarter by a delay in access to a skilled and trained UG mine production workforce, as well as COVID-absenteeism. Stabilisation of UG crews occurred during August 2022, with additional mining equipment also mobilised to site. Work crews were generally at full complement throughout the December Quarter. All equipment is now on site and operational, with efficient levels of production drill sites, drilled stock and blasted stock delivering a step-up in production output, with the underground operation now well-positioned to achieve the remaining FY23 plan.

Darlot Underground

Ore development at Darlot focused on the Middle Walters South (MWS), Burswood, Lillee and Thomson areas. Capital development progressed in the Middle Walters South, Pedersen Lower and Centenary 1220. The accelerated development strategy, undertaken with Redpath Australia, has allowed the commencement of stoping in the Middle Walters South (MWS) and Burswood sectors. Stope production continued in these areas following the completion of development work by Redpath in January 2023 and is expected to improve the grade mined in the March 2023 Quarter. Stope production was also sourced from the Grace, Border, Thomson, Lords, Walters and Federation areas.

Ore production was impacted by labour and parts shortages related to COVID-absenteeism in the September Quarter, with these issues largely resolved during the December Quarter.

Processing

The KOTH process plant achieved sustained throughput rates of around 5Mtpa during the reporting period. Throughput rates and plant availability were impacted in August by unplanned downtime events in the crushing circuit, as a result of an inaugural crusher re-line and two torn conveyor belts. In September, several mill shutdowns were required to reconfigure the SAG mill to process an increasingly hard primary rock charge. A major planned shutdown was completed in November to reline the gyratory crusher and address identified high-wear areas on the plant. The crusher and mill restarted on 4 December 2022 and have both performed well since.

KOTH Expansion Project

Red 5 has commenced work programs focused on expanding the KOTH process plant throughput from the current planned throughput capacity of 4.7Mtpa to a target throughput capacity of ~5.5Mtpa in FY2024. The KOTH mill, as-built, has the potential for higher throughput rates than the current nameplate, with a 6Mtpa crushing circuit installed and the twin motor (2x9MW) SAG mill installed having significant latent capacity. The Company considers that a throughput capacity of ~5.5Mtpa can be achieved with sequential debottlenecking, with a particular focus on the grinding, tails pumping, leaching and elution components.

In addition, the Company undertook a KOTH Process Plant Expansion Study, targeting further incremental throughput growth beyond 5.5Mtpa. This study is expected to be completed in the second half of FY2023.

Exploration and Resource Development

At KOTH, drilling during the reporting period focused on grade control drilling of key mining areas and extensional drilling along the high-grade trend south of Regal from the East-West Link area. Assay results to date and visual inspection of the core indicate the potential for a Resource increase.

Drilling at the Darlot Gold Mine has confirmed Ore Reserves underpinning the FY23 and FY24 mine plan and identified new targets for potential Resource extension. Encouraging results have been recorded in a number of key areas, which have confirmed and, in some instances, identified the potential to upgrade existing Resource estimates.

Exploration drilling has also generated new targets for Resource extension at Darlot, with strong results received from a part-Government-funded Exploration Incentive Scheme (EIS) hole (CAX0075), drilled just 320m from the current development in the Lords South mining area. Surface grade control drilling at the St George open pit satellite deposit at Darlot also returned significant intersections, with the potential development of a satellite open pit at St George to be evaluated at a later date.



Regional aircore drilling was undertaken at Mt Zephyr, Gale South and Yandal South. Soil sampling programs in the Darlot area focused on Great Southern, Taranaki Mag High, Mt Zephyr West, Yandal South, Bundarra, Yandal North and Darlot North, designed to in-fill gaps in existing datasets.

Resource and Reserves at King of the Hills

In September 2022, Red 5 reported an increase of 12.5% in Ore Reserves to 70Mt @1.2g/t AU for 2.7 million gold ounces and an increase of 7% in Ore Resources to 105.5Mt @ 1.4g/t Au for 4.7 million gold ounces. The updated King of the Hills Reserve reflects the completion of grade control drilling and a re-design of open pit cut-backs and a deepening of the Stage 2 pit. The updated Resource is based on an additional 24,100 metres of underground drilling and 70,000 metres of open pit grade control drilling.

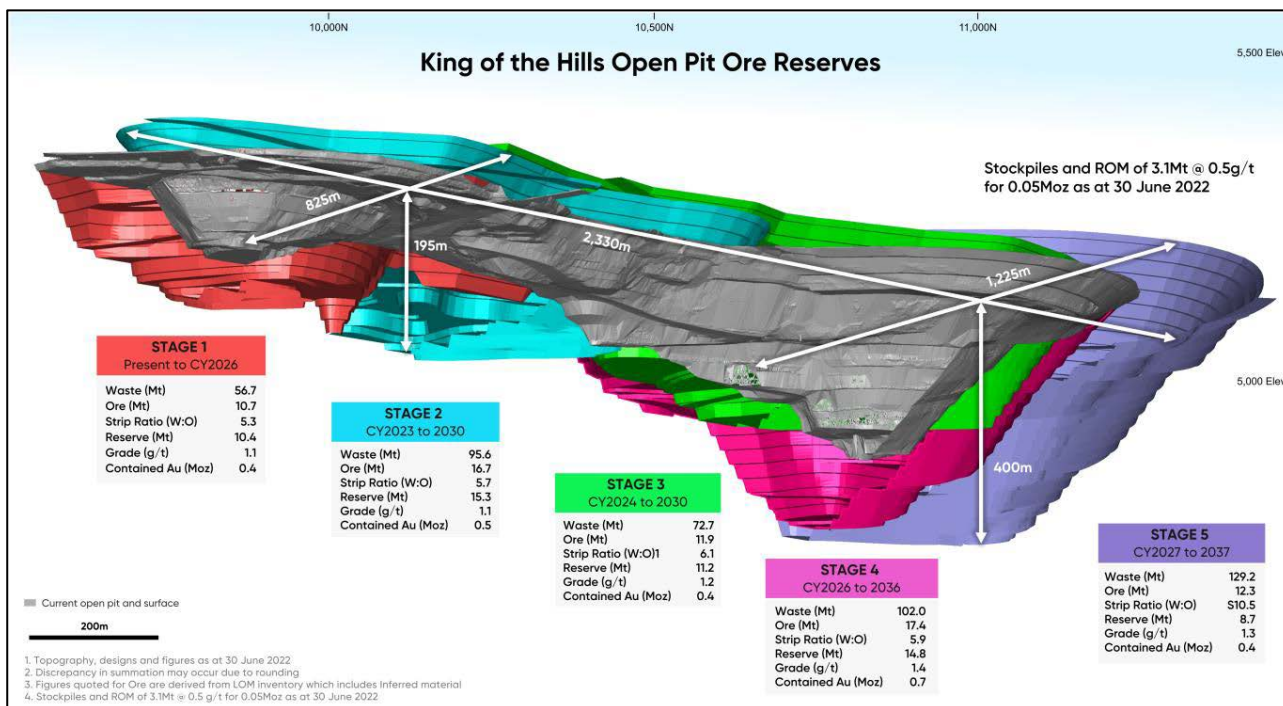


Figure 1: King of the Hills open pit Ore Reserves and Mining Inventory at 30 June 2022.

Resources and Reserves at Darlot

Red 5 delivered an updated Mineral Resource for the Darlot Gold Mine totalling 17.1Mt @ 3.4g/t Au for 1.84Moz of contained gold (representing a 25% increase in contained gold over the previous MRE as at 30 June 2021). The updated Resource was based on underground drilling completed over the past 12 months, updated geology and mapping, and an inaugural JORC 2012 MRE for the satellite Mission and Cable deposits. The updated Darlot Ore Reserve Estimate as at 30 June 2022 totalled 1.3Mt @ 2.6g/t Au for 109koz of contained gold (Proved and Probable), reflecting mining depletion and including 21koz of contained gold in new mining areas at Middle Walters South, Metzke, Crown Pillar and Dar Cent.

JORC 2012 Mineral Resource and 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 market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

COVID-19

Red 5 continues to manage and mitigate the potential impact of the COVID-19 global pandemic on the Company’s operations. The Management Response Plan is focused on ensuring the health and safety of Red 5 personnel and limiting the disruption risk to our operations.

The Company closely monitors the advice and requirements from State and Federal Governments and health authorities, maintaining its focus on minimising the effects of COVID-19 on the health and well-being of staff and the communities in which it operates.



CORPORATE

The \$175 million debt funding package supporting the construction and development of King of the Hills was fully drawn down in the prior year. Repayments of the debt funding package commenced in December 2022 and will be over four years. \$10.5 million was repaid on 31 December 2022 with \$164.5 million remaining at half-year end. Borrowing costs of \$2.730 million were capitalised to the loan.

During the period, Red 5 completed a A\$60 million two-tranche share placement on 3 October 2022. The placement was well supported by domestic and international institutional investors. The placement comprised of 375 million of new shares issued at A\$0.16 per share (placement price). In addition to the placement, Red 5 completed a successful Share Purchase Plan (SPP) for retail shareholders. The Company received applications for a total of 55,652,500 ordinary shares for gross subscription proceeds of \$9.021 million.

During the period, two key executive appointments were made:

- Richard Hay was appointed as Chief Operating Officer, taking over from Jason Greive. Mr Hay is a seasoned geologist and a highly experienced mining executive with previous senior management and operational leadership roles at Evolution Mining, Barrick Gold and Gascoyne Resources. Prior to the appointment, Mr Hay had been working for Red 5 for six months allowing for a smooth transition.
- Patrick Duffy was appointed as Chief Financial Officer, taking over from John Tasovac. Mr Duffy is a Chartered Accountant with extensive commercial, financial and governance expertise having worked at Ernst & Young, Xstrata and Glencore. Mr Duffy was previously Chief Corporate Development Officer of Red 5, and the roles were combined.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

Red 5 published its ESG Report for the 2022 Financial Year during the reporting period, providing a formal framework to articulate the Company's sustainability initiatives and goals for the future. Red 5 has engaged an external specialist expert to assist with the development of a strategic ESG roadmap, with the first phase of planning now complete and the engagement of a team to assist with the roll-out to commence in February. A 3-year strategic plan for the Company's ESG initiatives is expected to be completed before the end of FY2023.

During the reporting period the Company also commenced work to articulate a combined set of values and behaviours for its KOTH workforce, comprising both direct employees and employees of mining contractor, Macmahon. These values and behaviours are expected to be rolled-out by the end of FY2023.

FINANCIAL REVIEW

(a) *Income statement*

The Group recorded a net loss after income tax for the half-year ended 31 December 2022 of \$28.535 million in comparison to a net loss from continuing operations for the half-year ended 31 December 2021 of \$25.889 million.

The Group sold 65,105 ounces of gold during the half-year, which together with silver sales and hedging adjustments resulted in net sales revenue of \$159,816 million. Cost of sales for the period of \$165.749 million comprised production costs, royalties, movement in stockpiles and depreciation charge.

(b) *Balance sheet*

Total assets increased by \$43.795 million to \$621.160 million from 30 June 2022. The net increase in total assets was mainly driven by capitalised mine development and TSF 5 expenses at the King of the Hills project. Other movements included additional plant and equipment purchases, depreciation of operating assets and capitalised exploration costs.

Total liabilities were \$398.523 million, an increase of \$3.953 million from 30 June 2022.

(c) *Cash flow*

During the half-year, cash and cash equivalents decreased by \$19.614 million.

Cash inflows from operating activities for the period were \$27.545 million. Cash receipts of \$162.196 million reflect the sale of gold and associated by-products. This was offset by other net operating cash outflows of \$134.651 million, driven by higher payments to suppliers and employees resulting from increased operational costs.

Net cash outflows from investing activities for the period were \$91.974 million, reflecting the expenditure on sustaining and growth capital including development costs at the King of the Hills and Darlot mines, remaining King of the Hills plant construction which had been substantially completed in the prior year, and exploration and evaluation costs.



Net financing inflows of \$44.815 million are primarily from the net proceeds of equity raisings of \$66.158 million offset by the repayment of borrowings for the King of the Hills plant construction, payments of interest and lease liability payments.

EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

During January 2023, in accordance with Red 5's obligations under the KOTH debt facility, the Company entered into further hedging of future gold production and sales of 71,379 gold ounces at an average price of A\$2,827 per ounce. The new hedge contracts relate to gold ounces delivered from January 2023 to September 2026. This brings the total future hedge contracts in place to 365,242 ounces at an average price of A\$2,500 per ounce at the end of February 2023.

On 23 February 2023 Red 5 announced the successful completion of a fully underwritten A\$80 million two-tranche placement (Placement) and A\$10 million Share Purchase Plan (SPP), to raise aggregate proceeds of A\$90 million (before costs). The offer proceeds will be used to strengthen the Company's balance sheet, ensuring a strong working capital position to support steady-state operations at KOTH and provide a robust platform from which Red 5 can assess and accelerate future investment in production and mine life growth.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'Kevin Dundo'.

Kevin Dundo
Chairman

Perth, Western Australia
27 February 2023



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

To the Directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Red 5 Limited for the half-year ended 31 December 2022 there have been:

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

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
27 February 2023



Condensed Interim Statement of PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Note	CONSOLIDATED HALF-YEAR ENDED	
		31 December 2022 \$'000	31 December 2021 \$'000
Sales revenue	2(a)	159,819	80,072
Cost of sales	2(b)	(165,749)	(98,792)
Gross (loss)/profit		(5,930)	(18,720)
Other income and expenses			
Other income		168	127
Administration and other expenses	2(c)	(7,966)	(6,061)
Exploration expenditure	8	(3,779)	(1,454)
Financing income	2(d)	9	4
Financing expenses	2(e)	(11,037)	(700)
Total other income and expenses		(22,605)	(8,084)
(Loss)/profit before income tax expense		(28,535)	(26,804)
Income tax benefit/(expense)		-	915
Net (loss)/profit after income tax from continuing operations		(28,535)	(25,889)
Profit/(loss) from discontinued operation (net of tax)	18	-	20,049
Net (loss)/profit after income tax for the year		(28,535)	(5,840)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		-	804
Reclassified to profit or loss on sale of subsidiary		-	(26,504)
Cashflow hedge movements		-	(1,444)
Total comprehensive profit for the half-year		-	(32,984)
Net (loss)/profit after income tax attributable to:			
Non-controlling interest		-	(81)
Members of parent entity		(28,535)	(5,759)
		(28,535)	(5,840)
Total comprehensive profit attributable to:			
Non-controlling interest		-	(77)
Members of parent company		(28,535)	(32,907)
		(28,535)	(32,984)
(Loss)/profit per share attributable to shareholders			
Basic earnings/(loss) per share	17	(1.12)	(0.25)
Diluted earnings/(loss) per share	17	(1.12)	(0.25)
Basic earnings/(loss) per share – continuing operations			
Basic earnings/(loss) per share – continuing operations	17	(1.12)	(1.10)
Diluted earnings/(loss) per share – continuing operations	17	(1.12)	(1.10)

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of **FINANCIAL POSITION**

As at 31 December 2022

	Note	CONSOLIDATED	
		31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents	3	12,889	32,526
Trade and other receivables	4	11,745	19,025
Inventories	5	50,080	41,415
Total Current Assets		74,714	92,966
Non-Current Assets			
Property, plant and equipment	6	305,608	303,378
Mine properties	7	221,702	131,416
Exploration and evaluation assets	8	10,734	41,133
Trade and other receivables	4	8,166	8,180
Intangible assets		236	292
Total Non-Current Assets		546,446	484,399
Total Assets		621,160	577,365
Liabilities			
Current Liabilities			
Trade and other payables	9	87,271	64,174
Financial liability	10	49,976	19,376
Provisions	11	384	1,296
Employee benefits	12	8,486	8,316
Lease liabilities	13	19,070	18,490
Total Current Liabilities		165,187	111,652
Non-Current Liabilities			
Financial liability	10	112,397	152,894
Provisions	11	47,197	47,681
Lease liabilities	13	72,949	81,604
Employee benefits	12	793	739
Total Non-Current Liabilities		233,336	282,918
Total Liabilities		398,523	394,570
Net Assets		222,637	182,795
Equity			
Contributed equity	15	510,760	443,160
Other equity		930	930
Reserves	16	6,447	6,918
Accumulated losses		(295,483)	(268,196)
Total Equity Attributable to Equity Holders of the Company		222,654	182,812
Non-controlling interests		(17)	(17)
Total Equity		222,637	182,795

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of **CHANGES IN EQUITY**

For the half-year ended 31 December 2022

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY								
	Issued capital	Accumulated losses	Other equity	Foreign currency translation reserve	Hedging reserve	Share-based payments	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	443,160	(268,196)	930	433	-	6,485	(17)	182,795
Net profit/(loss) for the half-year	-	(28,535)	-	-	-	-	-	(28,535)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	(28,535)	-	-	-	-	-	(28,535)
Issue of ordinary shares	68,904	-	-	-	-	-	-	68,904
Share issue expenses	(2,746)	-	-	-	-	-	-	(2,746)
Vested performance rights (LTI)	1,367	-	-	-	-	(1,367)	-	-
Service and deferred rights (STI)	75	-	-	-	-	(75)	-	-
Performance rights (LTI)	-	1,248	-	-	-	(1,248)	-	-
Share based payments (LTI & STI)	-	-	-	-	-	2,219	-	2,219
Balance at 31 December 2022	510,760	(295,483)	930	433	-	6,014	(17)	222,637
Balance at 1 July 2021	442,626	(239,797)	930	26,309	1,444	3,274	(3,910)	230,876
Net profit/(loss) for the half-year	-	(5,759)	-	-	-	-	(81)	(5,840)
Other comprehensive (loss)/income for the period								
Foreign currency translation	-	-	-	800	-	-	4	804
Reclassified to profit or loss	-	-	-	(26,504)	-	-	-	(26,504)
Ineffective portion of cash flow	-	-	-	-	(1,444)	-	-	(1,444)
Total comprehensive income/(loss) for the period	-	(5,759)	-	(25,704)	(1,444)	-	(77)	(32,984)
Vested performance rights (LTI)	449	-	-	-	-	(449)	-	-
Service and deferred rights (STI)	85	-	-	-	-	(85)	-	-
Performance rights (LTI)	-	-	-	-	-	(296)	-	(296)
Share based payments (LTI & STI)	-	-	-	-	-	1,983	-	1,983
Transfer from reserves	-	130	-	-	-	(130)	-	-
Disposal of subsidiary	-	-	-	-	-	-	3,976	3,976
Balance at 31 December 2021	443,160	(245,426)	930	605	-	4,297	(11)	203,555

The accompanying notes form part of these interim financial statements.



Condensed Interim Consolidated Statement of CASH FLOWS

For the half-year ended 31 December 2022

	Note	CONSOLIDATED HALF-YEAR ENDED	
		31 December \$'000	31 December \$'000
Cash flows from operating activities			
Cash received from customers		162,196	75,478
Payments to suppliers and employees		(130,835)	(77,155)
Payments for exploration and evaluation		(3,779)	(1,454)
Sundry receipts		184	135
Interest received		9	4
Interest paid		(230)	(52)
Net operating cash flows used in discontinued operations	18	-	(828)
Net cash from/(used in) operating activities		27,545	(3,872)
Cash flows from investing activities			
Payments for property, plant equipment and intangibles		(21,059)	(77,209)
Payments for mine development		(70,068)	(10,937)
Payments for exploration and evaluation		(847)	(3,260)
Disposal of discontinued operation, net of cash		-	21,467
Net cash used in investing activities		(91,974)	(69,939)
Cash flows from financing activities			
Proceeds from issue of shares		68,904	-
Payments for share issue transaction costs		(2,746)	-
Proceeds from borrowings		-	77,133
Repayment of loans		(10,480)	-
Receipt from restricted cash		7,500	-
Payments of borrowing costs and interest		(5,597)	(4,378)
Payments of lease liabilities		(12,766)	(2,106)
Net cash from financing activities		44,815	70,649
Net (decrease)/increase in cash and cash equivalents		(19,614)	(3,162)
Cash at the beginning of the period		32,526	17,415
Effect of exchange rate fluctuations on cash held		(23)	775
Cash and cash equivalents at the end of the period	3	12,889	15,028

The accompanying notes form part of these interim financial statements.



Notes to the CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 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 Condensed Interim Consolidated Financial Report for the half-year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. The Group is primarily involved in the exploration and mining of gold.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2022 are available upon request from the Company’s registered office at Level 2, 35 Ventnor Avenue, West Perth, Western Australia.

The condensed interim consolidated half-year financial report was authorised for issue by the parent entity’s Board of Directors on 27 February 2023.

1.2 Basis of Preparation of the half-year report

The Condensed Interim Consolidated Financial Report for the half-year ended 31 December 2022 is a general purpose condensed financial report and has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial report as at and for the year ended 30 June 2022. The condensed interim consolidated half year financial report does not include full note disclosure of the type that would normally be included in the consolidated annual financial report and should be read in conjunction with the consolidated annual financial report as at and for the year ended 30 June 2022. The condensed interim consolidated half year financial report should also be read in conjunction with any public announcements made by Red 5 Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The condensed interim consolidated half year financial report is presented in Australian dollars which is the Company’s functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the condensed interim consolidated half year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies applied by the Group in these Condensed Interim Consolidated Financial Statements are consistent with those applied by the Group in its consolidated annual financial statements as at and for the financial year ended 30 June 2022.

1.3 Use of estimates and judgements

The preparation of the Condensed Interim 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.

The significant judgements made by Management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those described in the last annual financial statements.

1.4 Going Concern

At 31 December 2022, the Group had current assets of \$74.714 million, primarily consisting of cash on hand, trade receivables and inventories. At the same date, the Group had current liabilities of \$165.187 million comprised of trade payables, loan repayments, employee benefits and payments due for right of use leases. A portion of the \$90.473 million working capital deficit relates to scheduled debt repayments of \$49.976 million (including \$14.770 million due on 31 March 2023) under the project debt facility, which are forecast to be paid over the 12 months ending 31 December 2023.

Management has prepared a cash flow forecast for the next twelve months, which anticipates that the Group will be able to pay its debts as and when they fall due during that period. Noting the inherent risks associated with achieving forecast, key assumptions in the cashflow forecast include:



- Underwritten two-tranche equity placement of \$80.000 million (before fees) which achieved completion of the bookbuild on 23 February 2023 and is subject to normal commercial terms. Tranche 1 for \$56.5 million will be settled on 1 March 2023, while tranche 2 for \$23.5 million is subject to shareholder approval (refer note 23 subsequent events);
- A steadily increasing gold production profile due to accessing higher-grade ore in the lower benches of the KOTH open pit, as well as higher-grade feed being delivered from the KOTH underground mine and Darlot underground mine;
- Gold prices continue at recent market levels;
- Operating costs have been prepared based on contracted rates, taking into account cost pressures facing the industry, including rising costs.

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. REVENUE AND EXPENSES

	CONSOLIDATED HALF-YEAR ENDED	
	31 December 2022	31 December 2021
	\$'000	\$'000
(a) Revenue		
Gold and silver sales	159,819	78,009
Realised gains/losses of cash flow hedges	-	2,063
	159,819	80,072
(b) Cost of sales		
Operating costs	(136,215)	(77,129)
Depreciation and amortisation mine assets	(29,534)	(21,663)
	(165,749)	(98,792)
(c) Administration and other expenses		
Other employee and consultancy expenses	(3,331)	(2,507)
Share based-payments expense	(2,219)	(1,983)
Corporate costs	(1,067)	(936)
Legal fees	(373)	(163)
Property and other indirect tax expenses	(277)	(452)
Travel and accommodation	(228)	(28)
Depreciation	(206)	(196)
Foreign exchange (losses)/gains	(25)	474
Acquisition related costs	-	(32)
Other expenses	(240)	(238)
	(7,966)	(6,061)
(d) Finance income		
Interest income	9	4
	9	4
(e) Finance expenses		
Interest expense on borrowings	(10,194)	(274)
Unwinding of discount on rehabilitation provision	(843)	(426)
	(11,037)	(700)

3. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Cash at bank	12,888	32,525
Cash on hand	1	1
	12,889	32,526



4. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Current assets		
Trade debtors ^(a)	6,137	8,158
Restricted cash ^(b)	-	7,500
GST receivable	2,764	2,138
Prepayments	2,482	988
Sundry debtors	362	240
Interest receivable	-	1
	11,745	19,025
Non-current assets		
Security deposits	8,162	8,177
VAT receivable	4	3
	8,166	8,180

^(a) Trade debtors includes amounts receivable for 1,859 ounces sold on 30 December 2022, equivalent to \$4.985 million (30 June 2022: 2,794 ounces equivalent to \$7.362 million).

^(b) In the previous year restricted cash was made up of \$7.500 million of funds in a debt service reserve account which was utilised in the current period for the syndicate loan repayment on 30 December 2022.

5. INVENTORIES

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Stores, spares and consumables at cost	16,391	12,641
Provision for slow-moving stores, spares and consumables ^(a)	(5,655)	(5,382)
	10,736	7,259
Run of mine stockpiles at net realisable value (2022: net realisable value) ^(b)	33,973	22,245
Gold in circuit at net realisable value (2022: net realisable value) ^(b)	4,311	9,816
Crushed ore stockpile at net realisable value (2022: net realisable value) ^(b)	1,060	1,943
Gold Bullion at cost	-	152
	50,080	41,415

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.

^(a) During the period the provision for slow-moving stores, spares and consumables inventory at the Darlot mine was increased to \$5.655 million (30 June 2022: \$5.382 million).

^(b) Net realisable value adjustments of \$3.356 million were made during the year (30 June 2022: \$5.881 million).



6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment ^(a)	Fixtures and fittings	Right of use assets	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 July 2022	35,170	215,975	677	126,639	6,576	385,037
Additions ^(a)	105	4,824	-	1,153	16,081	22,163
Transfer from assets under construction	-	2,790	7	-	(2,797)	-
Balance at 31 December 2022	35,275	223,589	684	127,792	19,860	407,200
Balance at 1 July 2021	10,648	48,902	369	27,156	102,281	189,356
Additions ^(a)	24,315	70,859	302	99,473	3,595	198,544
Transfer from assets under construction	207	96,214	6	10	(99,300)	(2,863)
Balance at 30 June 2022	35,170	215,975	677	126,639	6,576	385,037
Accumulated depreciation						
Balance at 1 July 2022	(7,507)	(49,286)	(288)	(24,578)	-	(81,659)
Depreciation for the period	(1,766)	(7,591)	(81)	(10,495)	-	(19,933)
Disposals	-	-	-	-	-	-
Balance at 31 December 2022	(9,273)	(56,877)	(369)	(35,073)	-	(101,592)
Balance at 1 July 2021	(5,830)	(31,082)	(223)	(15,407)	-	(52,542)
Depreciation for the year ^(b)	(1,677)	(18,204)	(65)	(9,171)	-	(29,117)
Balance at 30 June 2022	(7,507)	(49,286)	(288)	(24,578)	-	(81,659)
Carrying amounts						
At 1 July 2021	4,818	17,820	146	11,749	102,281	136,814
At 30 June 2022	27,663	166,689	389	102,061	6,576	303,378
At 31 December 2022	26,002	166,712	315	92,719	19,860	305,608

^(a) During the year ended 30 June 2022 additions included construction of the KOTH processing plant and the completion of the accommodation facility and administration blocks at the site. It also included new leased assets, sustaining capital and tailing storage facility improvements.

^(b) With the Darlot underground transitioning to a satellite mine to provide ore to KOTH, and the Darlot process plant being placed into care and maintenance in July 2022, accelerated depreciation of \$9.953 million was recognised in FY22.



7. MINE PROPERTIES

	Mine development	Asset retirement obligation	Mineral rights	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Balance at 1 July 2022	144,366	19,106	30,717	194,189
Additions	70,068	-	-	70,068
Transfer from exploration and evaluation	31,246	-	-	31,246
Rehabilitation change in estimate	-	(1,327)	-	(1,327)
Balance at 31 December 2022	245,680	17,779	30,717	294,176
Balance at 1 July 2021	58,944	22,965	30,717	112,626
Additions	82,729	-	-	82,729
Transfer from assets under construction	2,693	-	-	2,693
Rehabilitation change in estimate	-	(3,859)	-	(3,859)
Balance at 30 June 2022	144,366	19,106	30,717	194,189
Accumulated depreciation				
Balance at 1 July 2022	(39,449)	(3,190)	(20,134)	(62,773)
Amortisation	(8,152)	(1,238)	(311)	(9,701)
Balance at 31 December 2022	(47,601)	(4,428)	(20,445)	(72,474)
Balance at 1 July 2021	(27,962)	(1,756)	(19,883)	(49,601)
Amortisation	(11,487)	(1,434)	(251)	(13,172)
Balance at 30 June 2022	(39,449)	(3,190)	(20,134)	(62,773)
Carrying amounts				
At 1 July 2021	30,982	21,209	10,834	63,025
At 30 June 2022	104,917	15,916	10,583	131,416
At 31 December 2022	198,079	13,351	10,272	221,702

8. EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Opening balance	41,133	37,135
Exploration and evaluation expenditure incurred in current period ^(a)	4,626	6,520
Exploration expenditure transferred to mine development	(31,246)	-
Exploration expenditure transferred to profit or loss ^(b)	(3,779)	(2,522)
Closing Balance	10,734	41,133

^(a) During the period exploration costs at Darlot of \$2.673 million (2022: \$3.237 million) were incurred as well as \$0.008 million relating to the acquisition and drilling costs at satellite deposits acquired by Darlot (2022: \$0.705 million). In addition, \$1.944 million for drilling and related costs at King of the Hills gold project were capitalised (2022: \$0.771 million).

^(b) The carrying value of exploration costs totalling \$3.779 million were expensed (2022: \$1.454 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.



9. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Current		
Creditors and accruals	80,687	60,069
Royalties and other indirect taxes	3,121	1,663
Other creditors	3,463	2,442
	87,271	64,174

10. FINANCIAL LIABILITY

	Bank syndicate debt facility	
	31 December 2022	30 June 2022
	\$'000	\$'000
Nominal Interest Rate	BBSY bid rate + 4.0%	BBSY bid rate + 4.0%
Loan Term	69 months	69 months
Carrying Value	162,373	172,270
Current borrowings	49,976	19,376
Non-current borrowings	112,397	152,894
	162,373	172,270

Red 5 has a \$175 million debt facility commitment which was entered into in the prior year with a syndicate comprising BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited.

The key terms of the project financing facilities include:

- A\$160 million senior secured project loan facility;
- A\$15 million cost overrun and working capital facility;
- Loan term of 5.75 years, maturing on 30 September 2026;
- An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin of 4.0% - 4.5% p.a.;
- Certain financial covenants; and
- Guaranteed and secured on a first-ranking basis over all Australian assets of Red 5, Greenstone Resources (WA) Pty Ltd, Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd.

The first draw-down on the debt facility took place in July 2021 and the first repayment of \$10.480 million was made in December 2022. Loan acquisition costs of \$2.730 million have been off-set against the \$175 million drawn down.

Under the Syndicated Facility Agreement which governs the long term debt, the Company will be subject to covenants from the March 2023 quarter for which it has to report on a quarterly basis or in the event of a default.



11. PROVISIONS

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Provision for rehabilitation ^(a)	47,197	47,681
Other provisions	384	1,296
	47,581	48,977
Current	384	1,296
Non-current	47,197	47,681
	47,581	48,977

(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) **Other provisions:** Includes provision for Mine Rehabilitation Fund (MRF) Levy.

12. EMPLOYEE BENEFITS

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Provision for employee entitlements		
Provision for annual leave	3,708	3,436
Provision for long-service leave	1,629	1,589
Provision for incentive payments	3,942	4,030
	9,279	9,055
Current	8,486	8,316
Non-current	793	739
	9,279	9,055

13. LEASE LIABILITIES

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Current	19,070	18,490
Non-current	72,949	81,604
	92,019	100,094

Lease liabilities are made up of right-of-use leased assets for electricity and gas power plants and mining equipment.



14. DERIVATIVE FINANCIAL INSTRUMENTS

Forward contracts designated as hedges

New gold forward contracts were entered into amounting to 125,010 ounces of gold produced at the King of the Hills operation. The new hedge contracts are priced at A\$2,780 per ounce and for the period from January 2023 to September 2026. Total gold forward contracts in place at 31 December 2022 amount to 293,863 ounces of gold produced at the King of the Hills at an average price of A\$2,420 per ounce.

It is management's intention to settle each contract through the physical delivery of gold and accordingly are accounted for as sale contracts with revenue recognised once the gold has been delivered to the purchaser or agent.

15. CONTRIBUTED EQUITY

(a) Share capital

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
2,792,816,713 (30 June 2022: 2,356,360,652) ordinary fully paid shares	510,760	443,160

(b) Movements in ordinary share capital

	CONSOLIDATED	
	Thousand shares	\$'000
On issue at 30 June 2021	2,346,323	442,626
Service rights vested	328	85
Performance rights vested and converted to shares	9,710	449
On issue at 30 June 2022	2,356,361	443,160
On issue at 1 July 2022	2,356,361	443,160
Capital raising for cash	430,653	68,904
Performance rights vested and converted to shares	5,391	1,367
Service rights vested and converted to shares	412	75
Share issue costs	-	(2,746)
On issue at 31 December 2022	2,792,817	510,760

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

(c) Other equity

	CONSOLIDATED	
	Thousand shares	\$'000
On issue at 30 June 2022 ^(a)	581	930
On issue at 31 December 2022	581	930

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

16. RESERVES

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Foreign currency translation reserve ^(a)	433	433
Share-based payment reserve ^(b)	6,014	6,485
	6,447	6,918



- (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.

17. EARNINGS PER SHARE

	Half-year ended	
	31 December 2022	31 December 2021
	\$'000	\$'000
Net (loss)/gain after income tax from continuing operations attributable to members of the parent company	(28,535)	(25,808)
Net gain after income tax from discontinued operations	-	20,049
Net profit/(loss) after income tax attributable to members of the parent company	(28,535)	(5,759)
	Thousand shares	Thousand shares
(i) Weighted-average number of ordinary shares (basic):		
Opening issued ordinary shares	2,356,359	2,346,322
Effect of shares issued 4 July 2022	405	-
Effect of shares issued 28 August 2022	3,692	-
Effect of shares issued 10 October 2022	159,831	-
Effect of shares issued 2 November 2022	18,148	-
Effect of shares issued 28 November 2022	3,820	-
Effect of shares issued 21 August 2021	-	7,019
Effect of shares issued 7 September 2021	-	206
Weighted average number of ordinary shares at 31 December (basic)	2,542,255	2,353,547
(ii) Weighted-average number of ordinary shares (basic):	2,542,255	2,353,547
Effect of performance rights contingently issuable	-	-
Effect of service rights contingently issuable	-	-
Weighted average number of ordinary shares at 31 December (diluted)	2,542,255	2,353,547
Earnings per share (cents per share)		
Basic (loss)/profit per share	(1.12)	(0.25)
Diluted (loss)/profit per share	(1.12)	(0.25)
Basic (loss)/profit per share – continuing operations	(1.12)	(1.10)
Diluted (loss)/profit per share – continuing operations	(1.12)	(1.10)

For fully diluted (loss)/profit per share, the weighted average number of ordinary shares on issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's potentially dilutive securities consist of performance and service rights. Since the Group has a net loss after tax for the period, the potentially dilutive securities have not been taken into account because their effect would be antidilutive.



18. DISCONTINUED OPERATION

Sale of Siana Gold Mine (Philippines)

During the previous year the Group sold its interests in the Philippine affiliated company Greenstone Resources Corporation (GRC), which holds both the Siana Gold Project (Siana) and the Mapawa Gold Project, to TVI Resource Development (Phils.) Inc. (TVIRD), the Philippine affiliate of the Canadian-listed TVI Pacific Inc.

The divestment included the process plant and all other infrastructure at Siana. A royalty of 3.25% payable for up to 619,000 ounces of gold is payable to the Group from first gold from the restart of the Siana processing plant. Completion of the closing conditions of the agreement, which included certain Philippine regulatory approvals, took place in September 2021. In FY2021 the Group received gross proceeds of US\$19 million (approximately A\$25.676 million) through the repayment of outstanding shareholder advances due from its Philippine-affiliated company, Red 5 Asia Inc, which was a shareholder of GRC.

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

(a) Results of discontinued operation

	CONSOLIDATED	
	31 December 2022	31 December 2021
	\$'000	\$'000
Disposal consideration net of costs to sell	-	22,076
Net assets disposed of	-	(22,580)
Non-controlling interest	-	(3,976)
Foreign currency translation reserve	-	25,704
Gain on sale of discontinued operation ⁽ⁱ⁾	-	21,224
Care and maintenance costs	-	(1,175)
Profit from discontinued operation	-	20,049

- (i) Gain on sale of discontinued operation is mainly derived from the release of the foreign currency translation reserve associated with the disposal of the discontinued operation's net assets. There were no tax consequences on the sale consideration due to available tax losses in the Philippines.

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

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Plant, property and equipment	-	16,740
Mine properties	-	960
Inventory	-	6,014
Trade and other receivables	-	639
Cash and cash equivalents	-	609
Total assets disposed of	-	24,962
Trade and other payables	-	(18)
Provisions	-	(2,364)
Net liabilities disposed of	-	(2,382)
Net assets disposed of	-	22,580



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

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Net cash used in operating activities	-	(828)
Net cash from investing activities	-	21,467
Net cash from financing activities	-	-
Net cash flow for the year	-	20,639

19. CONTINGENT LIABILITIES

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

20. CAPITAL COMMITMENTS

	CONSOLIDATED	
	31 December 2022	30 June 2022
	\$'000	\$'000
Capital expenditure commitments		
Contracted but not provided for:		
- not later than one year	1,222	15,413
	1,222	15,413
Contractual sale commitments		
Sale commitments: ^(a)		
- not later than one year	224,705	125,072
- later than one year but not later than two years	215,528	184,419
- later than two years but not later than five years	270,940	100,533
	711,173	410,024
Contractual expenditure commitments		
Non-capital expenditure commitments:		
- not later than one year	441	904
	441	904
Tenement expenditure commitments:		
- not later than one year	6,517	3,291
- later than one year but not later than two years	-	2,931
	6,517	6,222

^(a) Includes forward sale contractual commitments for 293,863 ounces (2022: 189,650 ounces) amounting to \$711.173 million (2022: \$410.023 million) relating to future sales of gold from King of the Hills. The hedge contracts are fixed at an average price of A\$2,420 per ounce (2022: A\$2,154 per ounce) and settle between January 2023 and September 2026. It is management's intention to settle each contract through the physical delivery of gold and accordingly are accounted for as sale contracts with revenue recognised once the gold has been delivered to the purchaser or agent.

21. SEGMENT INFORMATION

The Group is managed primarily on the basis of its production, development and exploration assets in Australia. Operating segments are therefore determined on the same basis. In the prior year, Red 5 disposed of its previous Philippine assets.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the consolidated annual financial statements of the Group.



	Australia ^(a)	Philippines (discontinued)	Other ^(b)	Total
(i) Segment performance	\$'000	\$'000	\$'000	\$'000
Half-year ended 31 December 2022				
Revenues ^(c)	159,819	-	-	159,819
Segment result before tax	(21,562)	-	(6,973)	(28,535)
(ii) Segment position				
As at 31 December 2022				
Segment assets	608,484	-	12,676	621,160
Segment liabilities	390,781	-	7,742	398,523

	Australia ^(a)	Philippines (discontinued)	Other ^(b)	Total
(i) Segment performance	\$'000	\$'000	\$'000	\$'000
Half-year ended 31 December 2021				
Revenues	80,072	-	-	80,072
Segment result before tax	(21,189)	-	(5,615)	(26,804)
Discontinued operation	-	20,049	-	20,049
(ii) Segment position				
As at 30 June 2022				
Segment assets	546,992	-	30,373	577,365
Segment liabilities	215,484	-	179,086	394,570

(a) Australia segment consists of the King of the Hills and Darlot gold mining operations.

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

(c) Revenue is attributable to four customers only.

22. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding	
			2022	2021
			%	%
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
Red 5 Mapawa Inc	Philippines	Ordinary	100	100
Red 5 Dayano Inc	Philippines	Ordinary	100	100
Red 5 Asia Inc	Philippines	Ordinary	100	100
Surigao Holdings and Investments Corporation ^(a)	Philippines	Ordinary	40	40

(a) The Company holds a 40% direct 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.



23. SUBSEQUENT EVENTS

During January 2023, in accordance with Red 5's obligations under the KOTH debt facility, the Company entered into further hedging of future gold production and sales of 71,379 gold ounces at an average price of A\$2,827 per ounce. The new hedge contracts relate to gold ounces delivered from January 2023 to September 2026. This brings the total future hedge contracts in place to 365,242 ounces at an average price of A\$2,500 per ounce at the end of February 2023.

On 23 February 2023 Red 5 announced the successful completion of a fully underwritten A\$80 million two-tranche placement (Placement) and A\$10 million Share Purchase Plan (SPP), to raise aggregate proceeds of A\$90 million (A\$86 million after transaction costs). The underwritten Placement will take place in two tranches:

- Tranche 1 is for A\$56.5 million (before costs) via the issue of 419 million new shares, and will be settled on 1 March 2023; and
- Tranche 2 is for A\$23.5 million (before costs) via the issue of 174 million new shares and is subject to shareholder approval to be sought at a general meeting of the Company expected to be held in mid-April 2023.

The underwritten SPP is being offered to retail shareholders. Red 5 has applied to the ASX for a waiver of ASX Listing Rules 7.1 and 10.11 to permit the offering of shares under the SPP (ASX Waiver) within 12 months of the Company's previous Share Purchase Plan and to permit certain related parties to participate in the SPP. In the event that the ASX Waiver is not granted, the Company intends to seek shareholder approval to issue the SPP shares and/or related party participation under the SPP, and the issue of shares under the SPP would be conditional on receipt of such shareholder approval. The Company also intends to seek shareholder approval for the issue of any shortfall shares under the SPP.

Further details on the Equity Raising and the Underwriting Agreement can be found in the ASX Announcement on 23 February 2023 "Completion of fully underwritten \$90 million equity raising".

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



DIRECTORS' DECLARATION

In the opinion of the Directors of Red 5 Limited:

1. the condensed interim consolidated financial statements and notes set out on page 8 to 24 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'Kevin Dundo'.

Kevin Dundo
Chairman

Perth, Western Australia
27 February 2023



Independent Auditor's Review Report

To the shareholders of Red 5 Limited

Report on the Condensed Interim Consolidated Financial Report

Conclusion

We have reviewed the accompanying **Condensed Interim Consolidated Financial Report** of Red 5 Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Consolidated Financial Report of Red 5 Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Consolidated Financial Report** comprises:

- Condensed interim consolidated statement of financial position as at 31 December 2022;
- Condensed interim statement of profit or loss and other comprehensive income, Condensed interim consolidated statement of changes in equity and Condensed interim consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Red 5 Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

The **Interim Period** is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Condensed Interim Consolidated Financial Report

The Directors of the Company are responsible for:

- The preparation of the Condensed Interim Consolidated Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Consolidated Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the Condensed Interim Consolidated Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Consolidated Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Consolidated Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

27 February 2023