APPENDIX 4E (rule 4.3A)
PRELIMINARY FINAL REPORT
For the year ended 30 June 2022

Name of the Entity

RED 5 LIMITED

ABN

73 068 647 610

Results for announcement to the market
(All comparisons are for the year ended 30 June 2021)

			30 June 2022	30 June 2021
	Up/Down	% change	A$000	A$000
Revenue from ordinary activities	Down	5%	164,962	173,358
(Loss)/profit from continuing operations after tax	Down	413%	(48,664)	(9,478)
Net (loss)/profit attributable to equity holders	Up	34%	(28,615)	(43,245)

			30 June 2022	30 June 2021
	Up/Down	% change	A$ cents	A$ cents
Basic earnings/(loss) per share	Up	42%	(1.21)	(2.08)
Diluted earnings/(loss) per share	Up	42%	(1.21)	(2.08)

Dividends
No dividends have been paid or declared during the year ended 30 June 2022 (30 June 2021: Nil).

	30 June 2022 A$	30 June 2021 A$
Amount per security	N/A	N/A
Franked amount per security	N/A	N/A

Net tangible assets

	30 June 2022	30 June 2021
	A$ cents	A$ cents
Net tangible assets per ordinary share	7.76	9.84

Additional Appendix 4E disclosure requirements can be found in the directors' report and the 30 June 2022 financial statements and accompanying notes.

This report is based on the consolidated financial statements which have been audited by KPMG.

RED 5 LIMITED

ABN 73 068 647 610

AND CONTROLLED ENTITIES

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Kevin Dundo (Chairman)
Mark Williams (Managing Director)
Ian Macpherson (Non-Executive Director)
Colin Loosemore (Non-Executive Director)
Steven Tombs (Non-Executive Director)
Andrea Sutton (Non-Executive Director)
Fiona Harris (Non-Executive Director)

COMPANY SECRETARY
Frank Campagna

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

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SHARE REGISTRY
Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664
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

AUDITOR
KPMG

SOLICITORS
HopgoodGanim

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

Trading code: RED

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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 2022.

1. DIRECTORS AND COMPANY SECRETARY

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

Kevin Anthony Dundo
Mark James Williams
Ian Keith Macpherson
John Colin Loosemore
Steven Lloyd Tombs
Andrea Jane Sutton
Fiona Elizabeth Harris (appointed on 8 June 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.

1.1. Information on Directors

Kevin Dundo	**Non-Executive Chairman**
Appointment date	Non-Executive Director since March 2010 and Non-Executive Chairman since November 2013
Special responsibilities	Member of the Remuneration and Nomination Committee; Member of the Audit Committee; and Member of the Health, Safety and Community Committee.
Qualifications	B.Com, LLB, FCPA
Experience	Mr Dundo practices as a lawyer and specialises in commercial and corporate areas with experience in the mining sector, the service industry and the financial services industry.
Other listed company directorships	Director of Imdex Limited (since January 2004); Avenira Limited (since October 2019); and Cash Converters International Limited (February 2015 to November 2020).

Mark Williams	**Executive Director**
Appointment date	Non-Executive Director from January 2014 and Managing Director since April 2014
Special responsibilities	Managing Director
Qualifications	Dip CSM Mining, GAICD
Experience	Mr Williams was previously General Manager of the Tampakan Copper-Gold Project in the southern Philippines from 2007 to 2013. He has over 25 years' of mining experience operating within a diverse range of open cut, underground, quarrying and civil engineering environments across the developed markets of Australia, United Kingdom and New Zealand as well as the emerging markets of Philippines, Vietnam, Thailand and South Pacific.
Other listed company directorships	Mr Williams has not held directorships in any other listed companies in the past 3 years.

Ian Macpherson	**Non-Executive Director**
Appointment date	April 2014
Special responsibilities	Chair of the Audit Committee; Member of the Remuneration and Nomination Committee; and Member of the Risk and Environment Committee.
Qualifications	B.Comm, CA
Experience	Mr Macpherson is a Chartered Accountant with over 35 years' experience in the provision of financial and corporate advisory services. He was a former partner at Arthur Andersen & 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).

Colin Loosemore	Non-Executive Director
Appointment date	December 2014
Special responsibilities	Chair of the Health, Safety and Community 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 the development of the Toka Tindung Gold Mine in Sulawesi, Indonesia.
Other listed company directorships	Mr Loosemore has not held directorships in any other listed companies in the last 3 years.

Steven Tombs	Non-Executive Director
Appointment date	August 2018
Special responsibilities	Chair of the Remuneration and Nomination Committee; and Member of the Risk and Environment Committee.
Qualifications	B.Sc.Hons, FAusIMM
Experience	Mr Tombs is a Mining Engineer with over 40 years' experience in the mining industry in Australia and overseas. Mr Tombs graduated from Nottingham University in 1976 and was previously Red 5's General Manager at Darlot and the Underground Project Manager at Siana. Mr Tombs previously held Senior Management positions at AngloGold Ashanti, Placer Dome and Newcrest in the Eastern Goldfields.
Other listed company directorships	Mr Tombs has not held directorships in any other public companies in the last 3 years.

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

Fiona Harris	Non-Executive Director
Appointment date	June 2022
Special responsibilities	-
Qualifications	B.Com, FCA, FAICD
Experience	Ms Harris is a qualified Chartered Accountant with over 25 years' experience as a non-executive director, including on a number of internationally-focused listed energy and natural resources companies. She is a former WA State President and National Board Member of the Australian Institute of Company Directors, and is a member of Chief Executive Women. Ms Harris was previously a partner of chartered accountants, KPMG.
Other listed company directorships	Non-executive director of: BWP Trust (since October 2012); Oil Search Ltd (January 2017 to December 2021).

1.2. Information on Company Secretary

Frank Campagna	Company Secretary
Appointment date	June 2002
Qualifications	B.Bus (Acc), CPA
Experience	Mr Campagna is a Certified Practicing Accountant with over 25 years' experience as Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice that provides corporate secretarial and advisory services to 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:

Director	Fully paid shares	Performance rights	Service rights	Deferred rights
Kevin Dundo	1,905,249	-	-	-
Mark Williams	15,860,891	5,303,575	-	-
Ian Macpherson	1,580,000	-	-	-
Colin Loosemore	10,108,190	-	-	-
Steven Tombs	2,719,579	-	-	-
Andrea Sutton	-	-	-	-
Fiona Harris	-	-	-	-

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 2022 and the number of meetings attended by each Director whilst in office are as follows:

Director	Board meetings		Audit Committee		Remuneration & Nomination Committee		Risk & Environment Committee		Health, Safety & Community Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Kevin Dundo	8	8	3	3	6	6	-	-	1	1
Mark Williams	8	8	-	-	-	-	-	-	-	-
Ian Macpherson	8	8	3	3	6	6	1	1	-	-
Colin Loosemore	8	8	3	3	-	-	-	-	1	1
Steven Tombs	8	8	-	-	6	6	1	1	-	-
Andrea Sutton	8	8	-	-	-	-	1	1	1	1
Fiona Harris	1	1	-	-	-	-	-	-	-	-

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

The consolidated result for Red 5 Limited was a net loss after income tax for the year ended 30 June 2022 of $28,615,000 (2021: Loss of $43,245,000). The consolidated result incorporates two one-off adjustments:

1. With the Darlot underground transitioning to a satellite mine providing ore to King of the Hills, accelerated depreciation and impairments for the Darlot Process Plant (now in care and maintenance) totalled $22.585 million.
2. Completing the Siana Gold Mine divestment resulted in a gain from discontinued operations of $20.049 million.

The current year results include an unaudited underlying EBITDA[(a)] loss of $4,258,000 (2021: Profit of $11,635,000).

	30 June 2022 $'000	30 June 2021 $'000
Sales revenue	164,962	173,358
Cost of sales (excluding depreciation)	(153,934)	(147,848)
Other income	208	692
Administration and other expenses (excluding depreciation)	(12,972)	(9,281)
Care and maintenance (excluding depreciation)	-	(2,069)
Exploration expenditure	(2,522)	(3,217)
Underlying EBITDA	**(4,258)**	**11,635**

[(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/(loss) before tax as follows:

	30 June 2022 $'000	30 June 2021 $'000
Underlying EBITDA	(4,258)	11,635
Financing income	8	347
Financing expenses	(2,815)	(1,345)
Ineffective portion of cashflow hedges	-	(1,410)
Depreciation and amortisation	(42,514)	(23,493)
(Loss)/profit from continuing operations before income tax expense	**(49,579)**	**(14,266)**

3.1 Operating Review

Red 5, with the support of its EPC partner MACA Interquip, completed construction of Red 5's new King of the Hills Gold Mine (KOTH) within budget and on schedule, with the first gold pour on 5 June 2022.

Meanwhile, Red 5 delivered steady-state gold production from its Darlot Gold Mine, with ore sourced from the Darlot underground mine and Great Western satellite open pit mine. In July 2022, the Darlot process plant was placed into care and maintenance, with the Darlot underground mine tranisitioning to a satellite mine to King of the Hills.

(a) Covid-19 response

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 remains focused on ensuring the health and safety of Red 5 personnel and limiting the disruption risk to our operations.

This plan has been progressively developed in line with the formal guidance of State and Federal health authorities, in close coordination with the Australian Resources and Energy Group (AMMA) and under the Company's existing Emergency Management Policies.

The Company continues to closely monitor the advice and requirements from State and Federal Governments and health authorities and maintain its focus on minimising the effects of COVID-19 on the health and well-being of staff and the communities in which we operate.

(b) Construction of the King of the Hills (KOTH) project

FY22 marked a defining period in Red 5's growth pathway to becoming a mid-tier Australian gold producer with the construction of the KOTH project. First gold at KOTH was achieved on 5 June 2022, with construction completed on time and on budget. This was achieved despite a very challenging operating environment due to COVID-19, closed borders and disruptions to both global supply chains and local labour markets.

The new 4.7Mtpa process plant is now commissioned and ramping up towards full production. The SAG mill is currently operating at moderate load and power draw, which is indicative of the potential of this low-cost processing hub.

The open pit and underground mines are both operational and are delivering ore to the process plant. Deliveries of ore from the Darlot satellite underground mine began in August 2022, and the processing plant is ramping up towards the target throughput of 4.7Mtpa. There is a significant amount of ore on the KOTH ROM pad, representing approximately three months of production.

(c) Gold operations

A total of 66,871 ounces of gold was recovered for the 12 months to 30 June 2022, with ore predominantly sourced from the Darlot and Great Western gold mines. Darlot achieved its production guidance for FY22.

A summary of key production statistics for the year ended 30 June 2022 and 30 June 2021 is provided below:

		Year ended	
	Units	30 June 2022	30 June 2021
Mined tonnes	t	2,660,914	931,002
Mined grade	g/t	1.15	2.57
Tonnes milled	t	1,359,974	984,220
Average head grade	g/t	1.66	2.63
Recovery	%	92.1	91.5
Gold recovered	oz	66,871	76,104
Gold operational sales	oz	64,315	75,907

In July 2022, the Darlot Gold Mine has transitioned to a satellite underground mine to King of the Hills, with the majority of surface employees at Darlot tranisitioning or having already transitioned to King of the Hills. As a result, the Darlot process plant has been placed into care and maintenance. Following a review of the related assets at Darlot, one-off accelerated depreciation and inventory writedowns totalling $22.585 million have been applied in FY22.

(d) Siana Gold Project, Philippines

In July 2021, the Group entered into a binding agreement with TVI Resource Development (Phils) Inc to divest its interests in Philippine-affiliated company, Greenstone Resources Corporation (GRC), which holds the Siana Gold Project and the Mapawa Gold Project in the Philippines. Financial close on this transaction was achieved in September 2021. These transactions have been classified as discontinued for the purpose of the financial statements.

Consideration under the transaction was as follows:

- US$19 million cash (approximately A$25.3 million) paid upon completion; and
- Net Smelter Return royalty of 3.25% payable for up to 619,000 ounces of gold, with an estimated future face value of US$36 million (based on a US$1,800/oz gold price). As per the accounting standards, the royalty represents a variable consideration and is treated as a contingent asset pending re-commencement of production at Siana, hence royalty accounting value is not recorded as at 30 June 2022.

The completion of the divestment in the Siana Gold Mine resulted in a gain from discontinued operations of $20.049 million in FY22.

(e) Exploration and Resource Development

During FY2022, results were reported for drilling completed at the Darlot Underground Mine, delivering high-grade results from multiple locations. The drilling forms part of an ongoing exploration and Resource development program at Darlot focused on extending new mining areas such as Middle Walters South and reducing the dependency on remnant mining. Results reported included strong intercepts from Middle Waters South and positive results from Dar-Cent, Oval 1300 and Pedersen Lower, all of which offer the opportunity for Resource growth. Full details of the drilling and assay results were provided in the Company's ASX Announcement dated 22 February 2022.

Darlot also commenced drilling as part of the government-funded Exploration Incentive Scheme (EIS) hole (CAX0075) which commenced in the June Quarter. The hole is designed primarily to target the Pipeline Fault to the south of the underground workings proximal to an interpreted jog or zone of flattening. This change in geometry could generate a favourable dilation and mineralisation site. The hole also intersects the Lords Fault enroute to target, with the nearest existing drill hole approximately 350 metres north of the target area.

For regional exploration, the Exploration team focused on several geochemical surveys utilising a Portable X-ray analysis tool across the exploration tenements. Upon completion of this work, the team used the results to refine existing programs and identified additional grass root targets.

(f) Corporate

During the year, the Group drew down all of the $175 million debt funding package supporting the construction and development of King of the Hills. Repayments of the debt funding package will commence in December 2022 over four years. Borrowing establishment costs of $2.730 million were capitalised to the loan.

Ms Fiona Harris AM was appointed as a Non-Executive Director of the Board, effective from 8 June 2022.

Red 5 has appointed Mr Patrick Duffy as Chief Financial Officer of the Company, effective from 1 September 2022. Mr Duffy is currently Red 5's Chief Corporate Development Officer, and this role will be consolidated with the CFO position.

3.2 Financial Review

(a) Gold sales

Gold and silver sales for the reporting period totalled $164,962,000 with 64,315 gold ounces sold at an average price of $2,526 per ounce (2021: $173,358,000 with 75,907 gold ounces sold at an average price of $2,252 per ounce).

(b) Income statement

The Group recorded a net loss after tax for the year ended 30 June 2022 of $28,615,000 in comparison to a net loss after tax for the year ended 30 June 2021 of $43,245,000. The consolidated result incorporates two one-off adjustments:

1. With the Darlot underground transitioning to a satellite mine providing ore to King of the Hills, accelerated depreciation and inventory write-down for the Darlot Process Plant (now in care and maintenance) totalled $22.585 million in FY22.
2. The completion of the divestment in the Siana Gold Mine resulted in a gain from discontinued operations of $20.049 million.

64,315 ounces of gold was sold during the year, predominantly from the Darlot operation, which, together with silver sales and hedging adjustments, resulted in total revenue of $164,962,000.

Cost of sales for the period of $196,049,000 comprised production costs, royalties, movement in stockpiles and depreciation charges (including the $22,585,000 relating to Darlot accelerated depreciation and inventory write-down).

(c) Balance sheet

Total assets increased from $345,485,000 to $577,365,000 at 30 June 2022. The net increase in total assets was driven by the construction of the KOTH processing plant and related infrastructure, mine development and right of use assets associated with major contracts.

Total liabilities were $394,570,000, an increase of $279,961,000 from 30 June 2021. This was mainly driven by fully drawing down the KOTH construction facility of $175,000,000 and the recognition of right-of-use lease liabilities at KOTH of $96,098,000.

(d) Cash flow

During the year, cash and cash equivalents increased by $14,398,000.

Net cash outflows from operating activities for the period were $2,359,000. Cash receipts from customers of $158,606,000 reflect the sale of gold and silver, which benefited from higher gold prices during the year. This was offset by cash outflows of $160,695,000, driven by operational spending at Darlot and Great Western, exploration activities and interest payments.

Net cash outflows used in investing activities for the period were $160,104,000, reflecting the completed construction of the King of the Hills processing plant ($94,844,000) and mine development activities ($82,729,000). This was partially offset by proceeds from selling the Siana operation in the Philippines ($21,467,000).

The net cash from financing activities of $176,861,000 reflects the net proceeds received from the construction facility ($175,000,000) and the transfer of $13,000,000 from restricted cash for the construction of the new tailings storage facility at King of the Hills. This is offset by payments made on lease liabilities ($8,409,000) and debt establishment and interest costs ($2,730,000).

4. DIVIDENDS

No amounts were paid by way of dividends since the end of the previous financial year (2021: 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 37,906,342 performance rights convertible into ordinary fully paid shares.

	Number
Vesting date: 30 June 2023 (LTIP rights subject to performance conditions)	7,945,729
Vesting date: 30 June 2023 (PIO rights subject to performance conditions)	11,550,613
Vesting date: 30 June 2024 (LTIP rights subject to performance conditions)	18,410,000
	37,906,342

In December 2019, a total of 10,442,031 performance rights (Performance Rights) that were issued to key management personnel, senior management and operating personnel 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 2022.

Upon vesting, 5,576,211 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 4,865,820 Performance Rights were forfeited due to performance conditions not being met (being operating costs performance against budget and safety compliance) and personnel exiting the company during the performance period.

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 $459,687 (2021: $318,825).

8. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In the first quarter of FY23, the Darlot Gold Mine's processing plant was wound down and the Darlot operation has been transitioned to a satellite underground mine to provide ore to King of the Hills, with the majority of surface employees at Darlot tranisitioning or having already transitioned to King of the Hills. As a result, the Darlot process plant was placed into care and maintenance in July 2022.

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

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the Directors, the successful completion of the KOTH Project will transform the future operating and financial performance of the Group. In the first half of FY23, KOTH is expected to steadily ramp up to full commercial production and deliver a step-change in operational performance and cost efficiency. This will establish a stable platform for continued growth and development at Red 5 well into the future.

10. BUSINESS STRATEGY AND PROSPECTS FOR FUTURE YEARS

Business strategy

The Group's business strategy is firmly anchored in the Company vision of being 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.

With KOTH gold production ramping up in the first half of FY23, the Company is looking forward to another transformational year as it takes further important steps to deliver on its strategy of becoming a substantial Australian gold producer. To achieve the strategy, the Company will focus on:

- Unlocking the full potential of the KOTH operation;
- Attracting and retaining an experienced leadership and operating team; and
- Enhancing balance sheet strength and scale to achieve growth through economic and commodity price cycles.

The substantial KOTH mineral resource and reserves underpin the future of Red 5, with the large KOTH bulk open pit providing the primary feed to the KOTH process plant, complemented by the additional higher-grade ore sources from the KOTH and Darlot underground mines. The longer-term strategy at KOTH is to expand the processing capacity, and to this end, the Company will embark on targeted technical studies to optimise and realise the full potential of this long-life deposit. The business plans associated with the strategy are in place, and the LOM plans demonstrate very robust future cash flows. The positive cash flow generated over a 16-year mine life will position the Company in the future to evaluate and undertake strategic acquisitions that align with the goal of becoming a major regional gold producer.

Material Business Risks

Red 5's business, operating and financial results and performance are subject to various risks and uncertainties, some of which are beyond the Company's reasonable control. Set out below are matters which the Directors consider relevant and that have the potential to impact the achievement of the business strategies. The matters identified are not necessarily listed in order of importance and are not intended as an exhaustive list of all business risks and uncertainties.

- External economic drivers (including macroeconomic, metal prices and exchange rates)
  - The Company is exposed to fluctuations in the Australian dollar gold price, which can impact future revenue streams. As a mitigation, the Company has a partial gold price hedging program to assist in offsetting variations in the Australian dollar gold price, providing price certainty over a fixed portion of future production.
  - The Company is exposed to global inflationary pressures across a range of input costs such as oil and gas, operating and maintenance parts and consumables and labour. As a mitigation the company collaborates with its suppliers to identify ways to manage these cost pressures.
- Reserves and Resources:
  - The Mineral Resources and Ore Reserves for the Group's assets are estimates only in compliance with industry standards, and no assurance can be given that future production will achieve the expected tonnages and grades.
- Operational risks:
  - Drilling, mining and processing activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of a number of factors outside the Company's control. These include geological conditions, technical difficulties, securing and maintaining tenements, weather, residue storage and tailings storage facility failures and construction of efficient processing facilities. The operation may be affected by force majeure, fires, labour disruptions and availability, landslides, the inability to obtain adequate machinery, engineering difficulties and other unforeseen events. As with most mines, reserves, resources and stockpiles are based on estimates of grade, volume and tonnage. The accuracy and precision of these estimates will depend upon drill spacing and other information such as continuity, geology, rock density,metallurgical characteristics, mining dilution and costs, etc. which evolve as the mine moves through different parts of the ore body. Red 5 endeavours to take appropriate action to mitigate these operational risks (including by properly documenting arrangements with counterparties and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.
- COVID-19
  - Red 5 has continued to manage the Company's ongoing response to COVID-19 in cooperation with our contractors. The COVID-19 situation remains unpredictable, and the Company will continue to monitor and manage for potential impacts, particularly around labour availability.
  - The Company is maintaining a range of measures across its business consistent with advice from State and Federal health authorities and commensurate with the community risk profile. These measures help ensure the health and welfare of our employees and their respective communities.
- Legal compliance and maintaining title
  - The Company has systems and processes in place to ensure title to all its properties, but these can be subject to dispute or unforeseen regulatory changes.
- Climate Change
  - Changes to climate-related regulations and government policy have the potential to impact our future financial results. These changes may include the imposition of a carbon tax on carbon output or the implementation of new regulatory requirements for diesel or other fossil fuel consumption used in Red 5's operations.
- Capital and Liquidity
  - The Company has processes in place to monitor and manage its liquidity and capital structure to ensure sufficient funds are available to meet the Group's financial commitments. Red 5 has a single debt facility with external financiers.
- Health and Safety
  - Red 5 has implemented management systems which promote a strong safety culture and support a genuine commitment to keep its people and stakeholders safe and healthy. The Company’s safety management practices are focused on a bottom-up approach supporting the organisational values.
- Environmental
  - The Company has environmental liabilities associated with its tenements. The Company monitors its ongoing environmental obligations and risks and implements preventative, rehabilitation and corrective actions as appropriate.
- Community relations
  - Red 5 has an established community relations function that includes principles, policies and procedures designed to provide a structured and consistent approach to community activities. Red 5 recognises that a failure to manage local community stakeholder expectations appropriately may lead to dissatisfaction, potentially disrupting production and exploration activities.

11. 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. 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 Risk and Environment Committee. There have been no significant environmental breaches during the year ended 30 June 2022.

12. REMUNERATION REPORT

Letter from the Chairman of Board

Dear shareholders

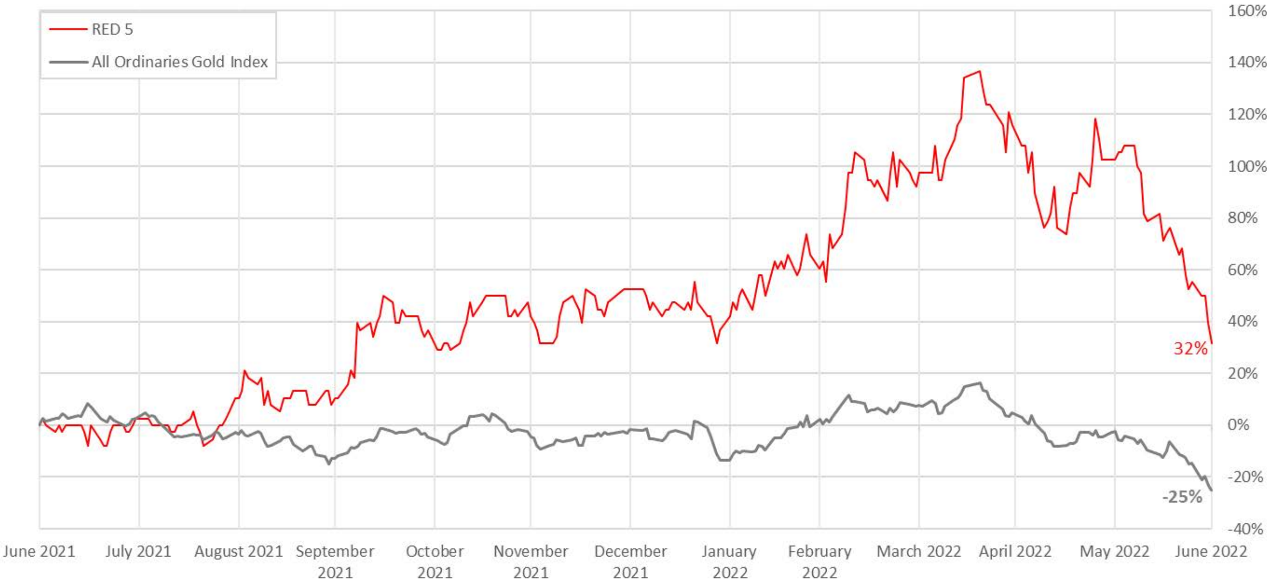
I am pleased to present Red 5's Remuneration Report for the Financial Year to 30 June 2022 (FY22).

FY22 Performance Summary

The last 12 months has seen Red 5 navigate through the enduring impact from the COVID-19 pandemic, chronic labour skill shortages and global breakdown in the supply chain of key parts and spares.

Despite these challenges, Red 5 has achieved significant milestones over the year including successful commencement on time and budget of the KOTH mine, and meeting the production guidance for the Darlot mine. These outcomes translated to significant share price out-performance (see Chart 1) and assured enduring organisation capability key to the sustainable growth of Red 5 and ongoing value to shareholders.

Chart 1: Red 5's share price performance vs. All Ordinaries Gold Index over the past 12 months



Remuneration Outcomes

When determining the FY22 remuneration outcomes, the Board has carefully considered the achievements made over the year in combination with the unforeseen factors that have impacted the Company. The Board believes the outcomes (as outlined below) are reasonable as they provide appropriate alignment between executive performance, shareholder returns and recognition of executive retention criticality over the next business phase. Refer to Section 12.5 for further details.

- **Total Fixed Remuneration (TFR):** the TFR for Managing Director and Chief Financial Officer (CFO) increased by 7% (from $643,200 to $687,500) and 6% (from $415,388 to $440,000) over the year. The TFR adjustments were considered necessary to ensure market competitiveness based on external remuneration benchmarking analysis.

- **Short Term Incentive Plan (STI):** while the production gateway was not met, the Board exercised its discretion to award 50% STI outcomes to executives which were settled in Service Rights subject to continued employment. This decision recognises the magnitude of external unforeseen factors outside of management's control which have influenced the production gateway and other STI metrics such as all in sustaining costs. Refer to Section 11.5.2 for further details.

- **Long Term Incentive Plan (LTI):** Red 5's total shareholder return over the past three years (19.92%) represents significant outperformance against the S&P/ASX All Ordinaries Gold Index (-10.98%). Ore reserves over the same period have grown by well over 200%. Achieving stretch levels in these two metrics has resulted in 70% of FY20 LTI awards vesting in FY22. Refer to Section 11.5.3 for further details.

- **NED Fees:** there were no increases to the NED fees in FY22.

Changes to the Remuneration Framework

The Board regularly reviews our executive remuneration structure to ensure it continues to drive shareholder value and enables us to attract and retain the talent we need. As we embed our new flagship KOTH mine, the Board has decided to adopt changes to our remuneration arrangements to further strengthen the alignment of executives with key business imperatives and ensuring a focus on long-term sustainability of returns for shareholders. These changes are summarised below. Refer to Section 11.7 for details.

FY22 - Discontinue the Project Incentive Opportunity (PIO)

The PIO was implemented in FY22 as a one-off program at a critical stage of the business, specifically designed to align CEO and executives on delivering the flagship KOTH project and achieving production targets at the Darlot site. With KOTH now successfully commissioned, outcomes of the PIO metrics will be evaluated after 30 June 2023 being the end of the performance period. The performance achievements and any vesting outcomes will be provided in the 2024 Remuneration Report.

FY23 – Rebalance the pay mix for the CEO and executives

Recognising Red 5's growth as a gold producer and alignment with market peers, the Board has rebalanced the pay mix to enhance the focus of executives over the longer term. This will see CEO and executives remuneration mix decrease in weighting for annual incentives (STI) and increase in weighting for long term incentives (LTI).

FY23 – Simplify the deferred equity structure and rebalance performance measures for STI

STI outcomes for the CEO and executives will continue to be delivered in 50% cash and 50% deferred equity, comprising Service Rights. To simplify and align with contemporary market practice, the deferred equity structure will be in the form of service-based rights only which may vest subject to 12 month continued employment. Previously it was in the form of both service-based and deferred rights. Short term metrics linked to the STI will also be rebalanced to equal weightings across all short term key performance indicators.

FY23 - Remove the re-testing mechanism and production gateway from the LTI

The re-testing mechanism for the relative Total Shareholder Return (TSR) vesting hurdle will be removed, based on misalignment with market practice and shareholder views. Whilst the positive TSR gateway will remain, the Board has determined the production gateway is no longer appropriate for the LTI. This change recognises production performance continues to be a key metric for the STI and the positive TSR gateway requirement on the LTI is sufficient to ensure appropriate outcomes for executives are also in the interests of shareholders.

The Board is confident that Red 5's current and planned remuneration policies continue to support the financial and strategic goals of the business as a leading gold producer. We are committed to transparency and an ongoing dialogue with shareholders on remuneration and to this end we have made changes to the 2022 Remuneration Report to improve the overall format and flow of information.

On behalf of the Board, I invite you to review the full report and thank you for your continued support of Red 5.

Sincerely

Kevin Dundo
Chairman

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This Remuneration Report (Report) outlines the remuneration arrangements in place for key management personnel (KMP) of Red 5 Limited (Red 5 or the Company) for the year ended 30 June 2022 (FY22) in accordance with the requirements of the Corporations Act 2001 and its Regulations. The Report contains the following main sections:

12.1 Who is covered by this Remuneration Report

For the purposes of this Report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, including any Director (whether Executive KMP or Non-Executive Director (NED)) of Red 5.

The following were the KMP of the Company at any time during the year ended 30 June 2022 and unless otherwise indicated, KMP for the entire period:

Name	Position	Term as KMP
Executive Director		
Mark Williams	Managing Director	Full year
Current Executive KMP		
Jason Grieve	Chief Operating Officer	Full year
John Tasovac	Chief Financial Officer	Full year
Non-Executive Directors		
Kevin Dundo	Chairman, Independent Non-Executive Director	Full year
Ian Macpherson	Independent Non-Executive Director	Full year
Colin Loosemore	Independent Non-Executive Director	Full year
Steven Tombs	Independent Non-Executive Director	Full year
Andrea Sutton	Independent Non-Executive Director	Full year
Fiona Harris	Independent Non-Executive Director	Appointed on 8 June 2022

12.2 Remuneration Governance

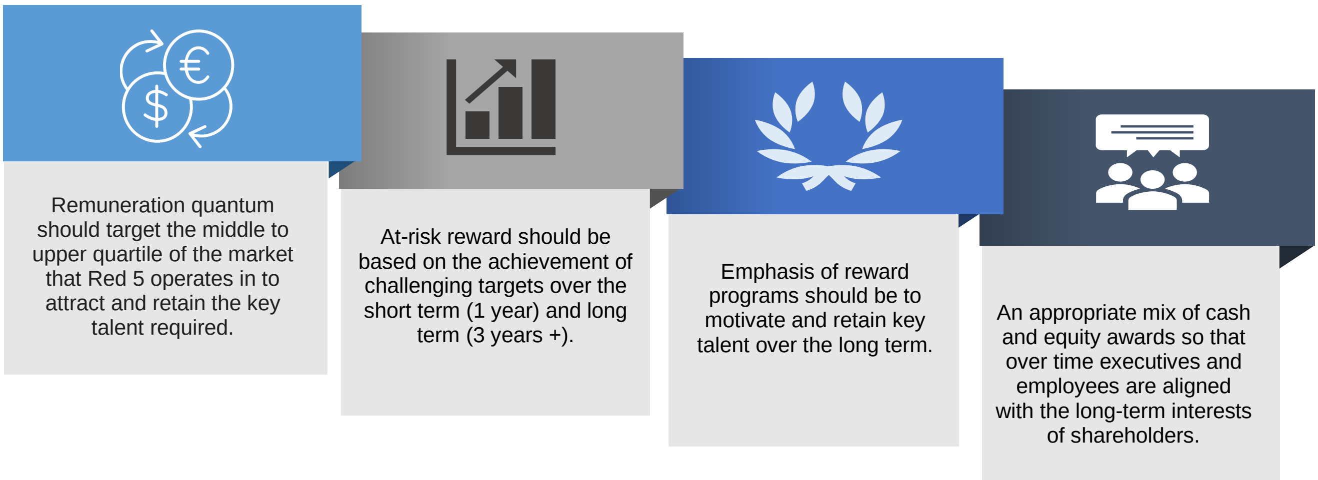
KMP remuneration decision making is directed by Red 5's remuneration governance framework as follows:

Board	Take an active role in the governance and oversight of Red 5's remuneration policies and have overall responsibility for ensuring that the Company's remuneration strategy aligns with Red 5's short- and long-term business objectives and risk profile.
Remuneration Committee (Committee)	Responsible for reviewing the remuneration arrangements for KMP and make recommendations to the Board including: ▪ reviewing remuneration levels and other terms of employment on an annual basis having regard to relevant market conditions, qualifications and experience of the KMP, and performance against targets set for each year where applicable.

	▪ advising the Board on the appropriateness of remuneration packages / structures of the Company, 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 calibre Board and executive team. The Committee's charter can be found on the Company's website at: www.red5limited.com/site/about-red5/corporate-governance
External Remuneration Consultants	To ensure the Committee is fully informed when making remuneration decisions, it may seek external, independent remuneration advice on remuneration related issues. During the year, the Committee engaged consultants BDO Rewards and The Reward Practice Pty Ltd to provide remuneration services in respect to external benchmarking and general insights for executive incentive arrangements. During the period no remuneration recommendations, as defined by the Corporations Act, were provided by the consultants.
Share trading policy	Red 5's share trading policy prohibits KMP (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.

12.3 Principles of Remuneration

Four principles guide Red 5's remuneration policies and practices:



Note NEDs do not receive remuneration related to performance or participate in any incentive plans.

12.4 Executive Remuneration Framework and Components

Executives receive fixed remuneration and variable remuneration consisting of short and long term incentive opportunities. Executive remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration guiding principles and market movements.

The following diagram presents a high-level summary of remuneration components for executive KMP for FY22.

Fixed remuneration

Base salary + superannuation + benefits

Variable remuneration

STI Plan			LTI Plan
Cash	**Service Rights (1 year)**	**Deferred Rights (1 year)**	**Rights (3 years)**

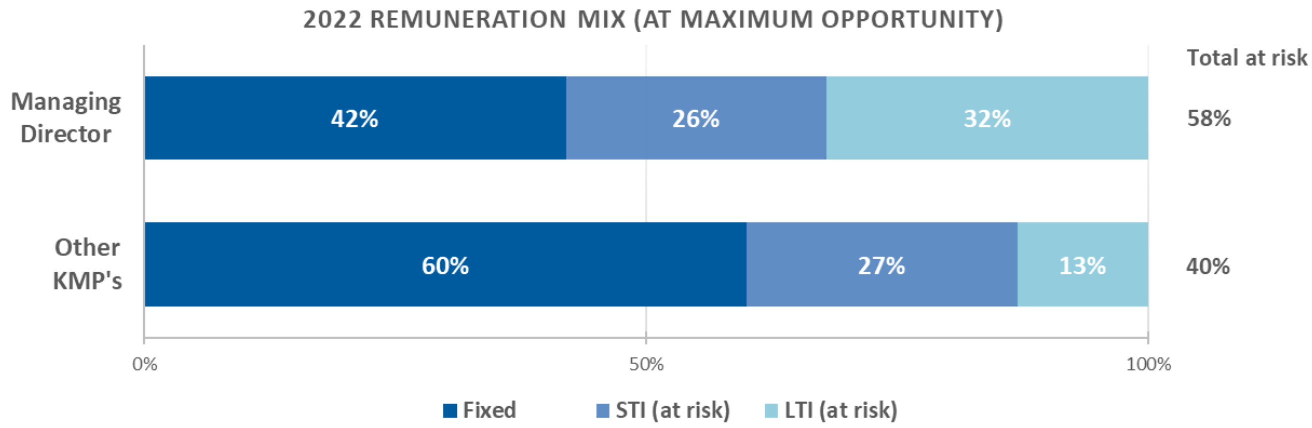
One- off incentive

Project Incentive Opportunity (PIO)	**Performance Rights (2 years)**

50% financial performance **50% non-financial performance**	**70% relative TSR** **30% growth in reserves**	**50% gold production** **25% ore processed** **25% development metres**

In addition, various minimum gateways are in place that need to be achieved in order to be awarded the variable remuneration component.

The following diagram sets out the mix for fixed and “at risk” remuneration for executive KMP at maximum opportunity level for FY22 based on the potential of a 100% vesting of STI and LTI. Note given the one-off nature of the PIO it is excluded from the remuneration mix analysis.



Fixed remuneration

Fixed remuneration consists of base salary, superannuation and optional salary sacrifice benefits.

It is designed to recognise the execution of business strategy and the qualifications, experience and accountability of executives.

It is set with reference to comparable roles in similar companies.

STI

The following table outlines the FY22 STI arrangements in detail:

What is the purpose?	▪ Reward executive KMP for the achievement of Red 5’s annual targets linked to business strategy and shareholder value; ▪ Ensure that executives have commonly shared objectives related to the delivery of annual business plans; ▪ Encourage share ownership among senior roles; and ▪ Provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful, on a short to medium term basis.
How is it paid?	STI awards are paid in 50% cash and 50% equity following the conclusion of performance period. The 50% equity component is to be satisfied in 25% Service Rights (subject to 12 month continued service) and 25% Deferred Rights (which vest immediately into restricted shares which are subject to a 2 year disposal restriction).
What is the target incentive opportunity?	STI opportunity is set as a percentage of TFR. Subject to performance, the MD wasentitled to an opportunity of up to 60% and other executive KMP were entitled to an opportunity of up to 50%.
What is the performance period?	The STI is offered annually and is measured over a single financial year.
How is performance assessed?	An executive’s actual award is based on meeting KPIs set in advance of the financial year. The KPIs comprise financial and non-financial objectives which directly align the individual’s reward to the Company’s annual business plans. The KPIs set for the FY22 awards were:

	▪ **Company Financial:** budgeted EBITDA (30%) ▪ **Gold production:** across both Darlot and KOTH (20%) ▪ **Safety:** assessed by Total Recordable Injury Frequency Rate (TRIFR) and no fatalities (20%) ▪ **Cost management:** via All-in-Sustaining-Cost (AISC) per ounce (20%) ▪ **Individual effectiveness:** measured by Board or Managing Director (where applicable) (10%) KPIs are set at threshold, target, and stretch levels resulting in payout at 50%, 100% and 200% of target opportunity.
What is the gateway?	An overall gateway of 90% of budgeted gold production level must be achieved before any award is made under the STI.
What vesting conditions / dealing restrictions apply to the equity components of the STI award?	The Service and Deferred Rights granted following the performance period based on KPI outcomes and are intended to prevent the equity being sold for a period of 12 and 24 months respectively. ▪ **Service Rights** (50% of the equity component) vest into shares 12 months after the grant date based on continued employment with the Company (no further restriction period applies following the vesting); ▪ **Deferred Rights** (50% of the equity component) vest immediately into restricted shares which are subject to dealing restrictions for 24 months after the performance period. The purpose of deferral / restrictions is to manage the risk of short-termism inherent in setting short term objectives, promote sustainable value creation and build further alignment with shareholder interest.

LTI

The following table outlines the FY22 LTI arrangements in detail:

What is the purpose?	▪ To promote the alignment of interest between executives and shareholders through the holding of equity. As such, LTI awards are generally granted to executives and management who are able to influence the future of Red 5, and/or in a position to contribute to shareholder wealth creation; ▪ Ensure that executives have commonly shared goals related to producing relatively high return for shareholders; ▪ Encourage share ownership among senior roles; ▪ Provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful on a long-term basis; and ▪ Help retain employees, thereby minimising turnover and providing a stable workforce.
How is it paid?	LTI awards are paid in Performance Rights for nil cash consideration.
What is the LTI opportunity	The LTI opportunity is set as a percentage of TFR. Subject to performance the MD was entitled to an opportunity of up to 60% and other executive KMP were entitled to an opportunity of up to 45%.
What is the performance period	The LTI is considered annually and is measured over a 3-year performance period.
How is performance assessed?	LTI awards are granted at the beginning of performance period and vest based on: ▪ Total Shareholder Return (TSR) compared to that of S&P/ASX All Ordinaries Gold Index (70%); and ▪ Growth of the Company's proved and probable ore reserves (30%). Retesting after 12 months (following the end of performance period) is available on the relative TSR hurdle.
What is the gateway?	The following gateways must be satisfied in order for the awards to vest: ▪ A positive TSR; and ▪ 90% budgeted gold production level.

How the LTI vesting is determined?	LTI vesting is subject to the following sliding scale:

Relative TSR (70%)	
Performance level to be achieved	**Percentage vesting**
=< S&P/ASX All Ordinaries Gold Index (Index)	0%
Target: Outperform the Index by 10%	50%
Performance between Target and Stretch	Sliding scale vesting
Stretch: Outperform the Index by 20%	100%

Growth in ore reserves (30%)	
Performance level to be achieved	**Percentage vesting**
<15%	0%
Threshold =15%	25%
Target = 20%	50%
Stretch = > 35%	100%

What are the restrictions of the equity components of the LTI awards?	There are no further restrictions to the vested awards following the end of the performance period.

12.4.1 One-off Project Incentive Opportunity (PIO)

The PIO is a one-off incentive designed specifically to support the successful development of the KOTH project and broader production based objectives and help mitigate retention and attraction risks for executives and other critical employees.

PIO awards were offered at the start of FY22 and are to be delivered in 60% cash and 40% Performance Rights subject to performance assessment (including continued employment) at 30 June 2023 in consideration of the following project metrics:

- **Gold produced** (50%): based on a specified number of gold ounces produced across both the KOTH and Darlot mines based on budgeted production schedules;
- **Ore processed** (25%): based on a specified volume of ore processed at the KOTH processing plant based on forecast mining schedules; and
- **Development metres** (25%): based on a specified volume of development metres completed at the Darlot underground mine based on forecast mining schedules.

A safety gate of no fatalities at either the KOTH or Darlot operations applies to all PIO KPIs.

The KOTH mine and process plant is progressively ramping up to full production and the Company will provide production guidance for KOTH when it achieves steady state production in 1H FY23.

The performance hurdles are set at threshold, target and stretch levels, achievement of which will result in different vesting outcomes (as illustrated in the following table:

Performance level	**Vesting outcome** (% of PIO opportunity to vest)
Below Threshold level	0%
Threshold (represents the minimum acceptable level of performance)	33%
Target (represents a challenging level of performance)	67%
Stretch (represents an exceptional level of performance)	100%

* *The award for performance between Threshold and Target, Target and Stretch will be determined on a pro-rata/sliding basis.*

12.5 FY22 Executive Remuneration Outcomes

The following table summarises key measures of Company performance for FY22 and the previous four financial years:

Performance outcomes over the past five FYs					
	FY22	**FY21**	**FY20**	**FY19**	**FY18**
ASX share price at year end	$0.25	$0.19	$0.20	$0.18	$0.08

Performance outcomes over the past five FYs					
	FY22	**FY21**	**FY20**	**FY19**	**FY18**
Profit/(loss) after income tax attributable to owners of the company for continuing operations ($'000)	(48,664)	(9,478)	4,544	(3,030)	(11,928)
Profit/(loss) after income tax attributable to owners of the company ($'000)	(28,615)	(43,245)	4,544	(3,030)	(11,928)
Dividends paid ($'000)	-	-	-	-	-
Underlying EBITDA[(a)] ($'000)	(4,258)	11,635	53,978	29,890	297

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

12.5.1 Fixed remuneration outcomes

Following the review of executive remuneration levels against relevant market comparators (with the benchmarking analysis provided by BDO), the following table outlines fixed remuneration changes for executive KMP in FY22.

FY22 Executive KMP Fixed Remuneration Outcomes		
	FY22 TFR	**FY21 TFR**
Mark Williams, Managing Director	$687,500	$643,200
Jason Greive, Chief Operating Officer	$550,000	$492,750
John Tasovac, Chief Financial Officer	$440,000	$415,388

The Board will continue to monitor remuneration levels based on the factors set out in the executive remuneration framework.

12.5.2 FY22 STI outcome

Following the end of FY22 the gateway of 90% of budgeted gold production was not achieved due to several external factors that were not known when setting the STI targets. These factors include the continued disruptions by the COVID-19 pandemic on the Red 5 key operations and staffing levels, the increased labour market pressures across the WA gold mining industry, the global breakdown in the supply chain of key parts and spares (which impacted the production targets).

Within the above context the Board carefully assessed the FY22 performance against set targets and exercised its discretion to proceed with a 50% of STI outcome for all executives. The awards will be fully satisfied in Service Rights subject to an 18-month deferral period based on continued employment with Red 5. The share price for the calculation of the number of Service Rights to be issued will be based on the volume weighted average price (VWAP) of the Company's shares in the 14 trading days up to 30 June 2022 ($0.307).

The Board considered the STI outcome business appropriate for the following reasons:

- Despite the unforeseen challenges Red 5 had a solid FY22 year overall where the executives had significant success in meeting key operational targets including the successful commencement of the KOTH mine in Quarter 4 and the achievement of guidance on production from Darlot;
- Notwithstanding the factors which have impacted the WA gold mining sector, the Company's share price has performed well in FY22 compared to peers and the S&P/ASX All Ordinaries Gold Index (i.e. Red 5 total shareholder return of 31.6% vs Index of -25.1%); and
- As competition for executive talent within the mining industry remains extremely tight, the retention of key staff is considered a key priority for Red 5 over the coming years. The FY22 awards in Service Rights recognise executive achievement over the year whilst providing a retention mechanism to ensure the progression of key projects in the following 18 months.

The following table outlines KPI performance outcomes for FY22:

Threshold Target Stretch
FY22 Actual

FY22 STI KPIs and Performance Outcomes				
KPI	**KPI Weighting**	**Performance Outcomes**		**STI Outcomes**
Group EBITDA	30%	Below threshold	$2.74m / $3.04m / $3.35m	-
Gold production across Darlot and KOTH	20%	Discretion applied	86.158 ounces / 95,731 ounces / 105,304 ounces	20%
TRIFR and no fatalities	20%	Below threshold	6.36 / 6.04 / 5.72	-
AISC	20%	Discretion applied	$2,563/oz / $2,330/oz / $2,097/oz	20%
Individual effectiveness	10%	Achieved	50% / 100% / 200%	10%
90% of budgeted gold production level	Gateway	Not satisfied due to external factors (outside of management control)		✖
		STI performance outcomes (FY22 awards):		**50%**

Based on the above outcomes the following provides further detail for FY22 STI awards.

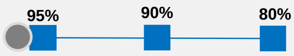
FY22 Executive KMP STI Award Outcomes				
	Target STI Opportunity $	**STI awarded %**	**STI outcomes $**	**Number of Service Rights awarded in the year**
Mark Williams	$412,500	50%	$206,250	671,013
Jason Greive	$250,000	50%	$125,000	406,674
John Tasovac	$200,000	50%	$100,000	325,340
Total	**$862,500**	**50%**	**$431,250**	**1,403,027**

12.5.3 FY22 LTI outcome

Following the assessment of relevant performance hurdles over the 3 years ended 30 June 2022, 70% of Rights granted at the start of FY20 vested. The FY20 Rights was assessed as follows (noting back in FY20 different LTI hurdles and gateway were adopted for determining the vesting level).

Threshold Target Stretch
FY22 Actual

FY20 LTI Performance Hurdles and Outcomes				
KPI	**KPI Weighting**	**Performance Outcomes**		**Vesting Outcomes**
Relative TSR (against the S&P/ASX All Ordinaries Gold Index)	50%	Stretch met	<=Index / >10% / >20%	50%
Growth in ore reserves excluding 50% of acquired ore reserves,	20%	Stretch met	15% / 20% / 35%	20%

AISC (as a percentage of operating costs per ounce of AISC)	20%	Below threshold 	0%
Safety compliance criteria (no fatalities, maintenance of the ISO14001 and ISO 18001 certifications, and year on year improvement in safety	10%	Below threshold 	0%
Gateways: - Positive TSR; and - 80% of budget gold production	Gateway	Both gateways satisfied (TSR = +19.92% and gold production = 81.1%)	✓
		Total level of LTI vesting (FY20 awards):	**70%**

In accordance with the terms of the Red 5 Rights Plan, 2,003,062 Rights (out of a total of 2,861,517 Rights issued in FY20) vested following the 70% vesting level as at the date of this Report. A balance of 858,455 Rights held by executive KMP were forfeited. The following table outlines the LTI awarded by executive.

Executive KMP – FY20 LTI Awards Vesting Outcomes

Executive KMP	Maximum LTI Opportunity $	Number of LTI Rights granted	LTI Rights vested %	LTI Rights vested $	Number of Rights vested during FY22
Mark Williams	$514,619	2,030,056	70%	$358,711	1,421,039
Jason Greive[(a)]	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible
John Tasovac	$210,775	831,461	70%	$146,919	582,023
Total	**$725,395**	**2,861,517**	**70%**	**$505,630**	**2,003,062**

[(a)] Jason Greive was appointed Chief Operating Officer on 30 November 2020, subsequent to the performance rights being issued in FY20.

Details regarding FY22 LTI performance rights issued during the year are shown in Section 11.9.

12.6 Non-Executive Directors' Remuneration

In accordance with current corporate governance practices, the structure for the remuneration of NEDs and executive KMP is separate and distinct. Shareholders approve the maximum aggregate fees payable to NEDs, with the current limit being $850,000 per annum.

12.6.1 FY22 Non-Executive Director Fee Policy

There were no increases to NED remuneration over FY22. The following table sets out the policy fee for NEDs for FY22 (exclusive of statutory superannuation of 10%).

Board and Committee Fees	Chair		Member	
	FY21	FY22	FY21	FY22
Board	$135,000	$135,000	$100,000	$100,000
Audit Committee	$15,000	$15,000	Nil	Nil
Remuneration and Nomination Committee	$10,000	$10,000	Nil	Nil
Risk and Environment Committee	$10,000	$10,000	Nil	Nil
Health, Safety and Community Committee	$10,000	$10,000	Nil	Nil

The Board may approve any consultancy arrangements (at a rate) for NEDs who provide additional services outside of their Board and/or Committee duties.

NEDs are not entitled to participate in performance-based incentive schemes. The Board may seek annual shareholder approval for a share plan, under which NEDs can elect to receive a portion of their 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 $459,687 (FY21: $318,825) 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.

12.6.2 FY22 Non-Executive Director Statutory Remuneration Disclosures

The following table outlines the fees paid to NEDs in FY22 as prepared in accordance with the requirements of the Corporations Act 2001 and the relevant Australian Accounting Standards.

NED		Base fees	Committee Chair fees	Consulting fees	Superannua-tion	Total
		$	$	$	$	$
Kevin Dundo, Chair	FY22	135,000	-	-	13,500	148,500
	FY21	135,000	-	-	12,825	147,825
Ian Macpherson, NED	FY22	100,000	15,000	-	11,500	126,500
	FY21	100,000	15,000	-	10,925	125,925
Colin Loosemore, NED	FY22	100,000	10,000	-	11,000	121,000
	FY21	100,000	10,000	-	10,450	120,450
Steven Tombs, NED	FY22	100,000	10,000	-	11,000	121,000
	FY21	100,000	10,000	-	10,450	120,450
Andrea Sutton[(a)], NED	FY22	100,000	10,000	-	11,000	121,000
	FY21	61,370	-	-	5,830	67,200
Fiona Harris[(a)], NED	FY22	6,319	-	-	663	6,982
	FY21	-	-	-	-	-
TOTAL	**FY22**	**541,319**	**45,000**	**-**	**58,663**	**644,982**
	FY21	**496,370**	**35,000**	**-**	**50,480**	**581,850**

[(a)] Andrea Sutton was appointed as a director on 18 November 2020 and Fiona Harris was appointed as a director on 8 June 2022.

12.7 Planned Remuneration Approach for FY23

During FY22 the Company's executive remuneration framework was reviewed considering feedback from shareholders, market insights on incentive structure from external remuneration consultants and the Company's circumstances. As a result, the following key changes to executive remuneration arrangements are planned for FY23 to ensure a strong alignment with business need, shareholder feedback and contemporary market practice. Further details will be provided in the FY23 Remuneration Report.

Remuneration Element	FY23 Approach
TFR	▪ As per the Red 5 Remuneration Framework, the Remuneration and Nomination Committee (RNC) will review TFR levels and recommend necessary adjustments to the Board for approval. ▪ Any remuneration changes for KMP during FY23 will consider independent market benchmarking outcomes, changes in executive responsibilities and trends in market for executive talent locally.
STI	▪ **Simplify the equity component** (representing 50% of STI award) including removing the Deferred Rights component of the STI and simplify the 50% equity award in the form of a Service Right (subject to a one-year service-based vesting hurdle). This change ensures a greater alignment with market practice, the attractiveness of the incentive package and will reduce the administrative burden / tax complexity. ▪ **Rebalance the KPI weightings** so that each is weighted at 20%. In light of the importance of culture and executive behaviours in establishing the tone from the top, the individual effectiveness weighting of 10% was lifted to 20% and the EBITDA KPI has reduced from 30% to 20%.
PIO	▪ **PIO discontinued.** The PIO was granted in FY22 as a one-off initiative to meet the unique demands the Company faced at the time (in a strong development and growth phase where incentive opportunity offered is low in relation to market). The program is no longer required

Remuneration Element	FY23 Approach
	considering the objectives of the program can be managed / achieved through the enhanced STI and LTI structures in FY23 and onwards.
LTI	▪ **Remove design elements not aligned to market** including the 12-month retesting mechanism (in relating to the relative TSR hurdle) and the 90% gold production gateway (which is already assessed annually in the STI). ▪ **No change to the relative TSR assessment approach.** The Board has considered alternative methodologies of measuring TSR performance (i.e. comparison of outperformance on a percentage versus absolute basis). To ensure smooth implementation of other planned changes, the Board determined to retain current approach and reassess the position in FY24.

12.8 Details of Remuneration

The following table discloses details of the nature and amount of each element of the remuneration paid to executive KMP the year ended 30 June 2022 and 30 June 2021.

Executive remuneration			Short term						Long term			
		Cash salary[a]	Expenses/ allowances	STI cash bonus	STI deferred rights	STI service rights[e]	Consulting fees	Super-annuation	Annual and long service leave	LTI performance rights expense[f]	LTI performance rights forfeited[g]	Total
		$	$	$	$	$	$	$	$	$	$	$
Executive Director												
Mark Williams	FY22	660,000[a]	-	-	-	-	-	27,500	74,416	658,559	(155,908)	1,264,567
	FY21	618,200[a]	-	-	-	-	-	25,000	62,743	326,378	(57,900)	974,421
Executive KMP's												
Jason Greive[b]	FY22	522,500[a]	-	-	-	-	-	27,500	38,701	286,147	-	874,848
	FY21	264,286	-	75,000	-	75,000[d]	-	26,546	20,330	24,288	-	485,450
John Tasovac	FY22	412,500[a]	-	60,000[h]	-	-	-	27,500	32,978	314,754	(63,856)	783,876
	FY21	390,388[a]	-	-	617	26,744[e]	-	25,000	17,245	132,669	(27,628)	565,035
Brendon Shadlow[c]	FY22	-	-	-	-	-	-	-	-	-	-	-
	FY21	144,583	1,500	-	483	8,729	-	16,166	18,609	50,600	-	240,670
TOTAL	**FY22**	**1,595,000**	**-**	**60,000**	**-**	**-**	**-**	**82,500**	**146,095**	**1,259,460**	**(219,764)**	**2,923,291**
	FY21	**1,417,457**	**1,500**	**75,000**	**1,100**	**110,473**	**-**	**92,712**	**118,927**	**533,935**	**(85,528)**	**2,265,576**

(a) Includes salary, superannuation contributions above concessional cap expensed.
(b) Jason Greive was appointed Chief Operating Officer on 30 November 2020.
(c) Brendon Shadlow was KMP until 30 November 2020. General Manager is no longer categorised as a KMP position upon appointment of the Chief Operating Officer role.
(d) Includes service rights to granted to Mr Greive for FY21. They have a 12 month service test and vest on 1 July 2022 if Mr Greive is still an employee at that date.
(e) Includes service rights granted during FY20 subject to a 12 month service test, they have been valued at $0.26 (Red 5 share price as at 18 November 2020). No service rights were granted to Mr Tasovac during FY21.
(f) Relates to performance rights expense for the 2021, 2022 and 2023 series. The fair value at grant date of Tranche A which has market-based performance conditions, was estimated using a Monte Carlo simulation. The fair value at grant date of Tranches B, C and D, which have market and non-market-based performance conditions, were valued using a single share price barrier model incorporating a Monte Carlo simulation.
(g) Performance rights that were issued to key management personnel, senior management and operating personnel in 2019 and 2018 have been partially forfeited following the partial achievement of performance conditions measured over the three years ended 30 June 2022 and 30 June 2021.
(h) Mr Tasovac was given a 'special and discretionary award' by the Board of Directors in recognition of the strong efforts throughout the year, including success in securing the Debt facility.

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	
	2022	2021	2022	2021	2022	2021
Executive Director						
Mark Williams	60%	72%	-	-	40%	28%
Non-Executive Directors						
Kevin Dundo	100%	100%	-	-	-	-
Ian Macpherson	100%	100%	-	-	-	-
Colin Loosemore	100%	100%	-	-	-	-
Steven Tombs	100%	100%	-	-	-	-
Andrea Sutton	100%	100%	-	-	-	-
Fiona Harris	100%	-	-	-	-	-
Executives						
Jason Greive	67%	64%	-	30%	33%	6%
John Tasovac	60%	70%	8%	4%	32%	26%
Brendon Shadlow	-	46%	-	7%	-	47%

12.9 Additional Remuneration Disclosures

12.9.1 Executive Service Contracts

Remuneration and other terms of employment for executive KMP's are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in STI and LTI plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below:

Executive KMP	Position	Terms of agreement	TFR including superannuation effective July 2022	Notice period	Termination benefit
Mark Williams	Managing Director	No fixed term	\$725,000	3 months	12 months
Jason Greive	Chief Operating Officer	No fixed term	\$578,000	3 months	3 months
John Tasovac[a]	Chief Financial Officer	No fixed term	\$442,000	3 months	6 months
Patrick Duffy[a]	Chief Financial Officer	No fixed term	\$450,000	3 months	3 months

(a) Mr Duffy will be appointed the role of Chief Financial Officer effective from 1 September 2022 following the resignation of Mr Tasovac from the Company on 31 August 2022.

12.9.2 Options granted to key management personnel

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

No shares were issued during the year as a result of the exercise of options granted as part of remuneration.

12.9.3 Shareholdings of directors and 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:

2022	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/ disposals during the year	Balance at reporting date
Kevin Dundo	1,905,249	-	-	-	1,905,249
Mark Williams	14,439,852	1,421,039	-	-	15,860,891

2022	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/ disposals during the year	Balance at reporting date
Ian Macpherson	1,362,054	-	-	217,946	1,580,000
Colin Loosemore	10,108,190	-	-	-	10,108,190
Steven Tombs	2,719,579	-	-	-	2,719,579
Andrea Sutton	-	-	-	-	-
Fiona Harris	-	-	-	-	-
Jason Greive	1,669,048	-	412,088	-	2,081,136
John Tasovac	3,761,420	582,023	102,861	(3,689,398)	756,906
Total	**35,965,392**	**2,003,062**	**514,949**	**(3,471,452)**	**35,011,951**

12.9.4 Service and Deferred Rights Granted Over FY22

The numbers of Service Rights granted during the financial year are set out in the following table. No Deferred Rights were issued.

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised up to reporting date	Outstanding at reporting date
Service rights issued: Jason Greive [a]	26-Oct-21	30-Jun-22	$75,000	412,088	(412,088)	-
Service rights issued: John Tasovac [b]	24-Nov-20	30-Jun-21	$26,744	102,861	(102,861)	-

[a] Service Rights for Mr Greive issued under the Red 5 FY21 Rights Plan. They have a 12 month service test and vested on 30 June 2022 because Mr Greive was still an employee at that date.
[b] Service Rights for Mr Tasovac issued under the Red 5 FY20 Rights Plan. They have a 12 month service test and vested on 30 June 2021 because Mr Tasovac was still an employee at that date.

Share based payments expense for the shares issued, service and deferred rights for KMP's was $1,259,460 (2021: $123,794). The fair value is based on observable market share price at the date of grant.

12.9.5 Performance rights held by KMP under the LTI

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

KMP	Balance at prior year reporting date	Received through issuing of LTI performance rights [a]	Received through issuing of PIO rights [b]	Performance rights vested and exercised [c]	Performance rights forfeited [c]	Balance at reporting date
Mark Williams	3,556,158	2,266,484	1,510,989	(1,421,039)	(609,017)	5,303,575
Jason Greive	415,182	1,373,626	1,098,901	-	-	2,887,709
John Tasovac	1,429,886	1,098,901	879,121	(582,023)	(249,438)	2,576,447
Total	**5,401,226**	**4,739,011**	**3,489,011**	**(2,003,062)**	**(858,455)**	**10,767,731**

[a] [b] [c] The following tables provide further details regarding Rights on foot:

(a) FY22 LTI Performance Rights– Managing Director and KMP (Expiry date: 30 June 2024)			
	Tranche A	**Tranche B**	**Total**
Managing Director	1,586,539	679,945	**2,266,484**
Other KMPs:			
Jason Greive	961,538	412,088	**1,373,626**
John Tasovac	769,231	329,670	**1,098,901**
Total KMP rights	**3,317,308**	**1,421,703**	**4,739,011**
Value per right	$0.217	$0.28	
Valuation per tranche	**$719,856**	**$398,077**	**$1,117,933**

(a) FY22 LTI Performance Rights– Managing Director and KMP (Expiry date: 30 June 2024)					
	Tranche A		**Tranche B**		**Total**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (proved and probable), excluding 50% of acquired Ore Reserves		In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. a positive Company TSR for the measurement period; and 2. 90% of budgeted gold production over the measurement period.
	TSR > Index TSR +20%	100%	Stretch: 35% or over	100%	
	TSR > Index TSR +10%	50%	Target: 20%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	
			< 15%	nil	

(b) Project Incentive Opportunity – Managing Director and KMP (Expiry date: 30 June 2023)				
	Tranche A	**Tranche B**	**Tranche C**	**Total**
Managing Director	755,495	377,747	377,747	**1,510,989**
Other KMPs:				
Jason Greive	549,451	274,725	274,725	**1,098,901**
John Tasovac	439,561	219,780	219,780	**879,121**
Total KMP rights	**1,744,507**	**872,252**	**872,252**	**3,489,011**
Value per right	$0.28	$0.28	$0.28	
Valuation per tranche	**$488,462**	**$244,231**	**$244,231**	**$976,924**
Condition criteria	Greater than a specified number of gold ounces produced across both KOTH and Darlot mines (50% weighting)	Greater than a specified volume of tonnes of ore processed at the KOTH processing plant (25% weighting)	Greater than a specified volume of development metres completed at the Darlot underground mine (25% weighting)	In addition, a safety gate applies to all PIO KPI's whereby no workplace fatalities occur at either the KOTH or Darlot operations.

The Tranche A Rights have been valued using a hybrid employee share option pricing model which incorporates a Monte Carlo simulation. It uses a correlated simulation that simultaneously calculates the TSR of the Company and the Index on a risk neutral basis as at the vesting date with regards to the measurement period. The percentage by which the return on the stock exceeds the total return on the Index is calculated as at the vesting date and a vesting percentage is calculated from the vesting schedule. The forecast share price at the vesting date is then used to calculate the value of the Right. The price is adjusted based on the vesting percentage, then discounted to its present value.

Tranche B of the LTI Rights and Tranches A, B and C of the PIO Rights have non-market based vesting conditions attached and are valued using a single share price barrier model such as a Black Scholes option pricing model.

(c) Rights with market based and non-market based vesting conditions can only be exercised following the satisfaction of these exercise conditions.

In accordance with the terms of the Red 5 Rights Plan, performance rights that were issued to key management personnel and senior management have vested following the partial achievement of performance conditions measured over the three years ended 30 June 2022. Performance rights with unmet performance conditions have lapsed, and have been forfeited.

Details of the performance rights issued previously:

FY20 Performance Rights– Managing Director (Expiry date: 30 June 2023)					
	Tranche A	**Tranche B**	**Tranche C**	**Tranche D**	**Total**
Total rights	763,052	305,220	305,220	152,610	**1,526,102**
Value per right	$0.188	$0.195	$0.195	$0.195	
Valuation per tranche	**$143,454**	**$59,518**	**$59,518**	**$29,759**	**$292,249**

FY20 Performance Rights– Managing Director (Expiry date: 30 June 2023)								
	Tranche A		**Tranche B**		**Tranche C**		**Tranche D**	**Total**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. a positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - no fatalities - maintenance of the ISO14001 and ISO 18001 certifications - year on year improvement in safety performance	
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%		
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%		
			< 15%	nil	> 95%	nil		

FY20 Performance Rights – Other Key Management Personnel (Expiry date: 30 June 2023)								
	Tranche A		**Tranche B**		**Tranche C**		**Tranche D**	**Total**
Jason Greive	207,592		83,036		83,036		41,518	**415,182**
John Tasovac	299,213		119,685		119,685		59,842	**598,425**
Total rights	**506,805**		**202,721**		**202,721**		**101,360**	**1,013,607**
Value per right	$0.172		$0.179		$0.179		$0.179	
Valuation per tranche	**$87,170**		**$36,287**		**$36,287**		**$18,143**	**$177,887**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. a positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - no fatalities - maintenance of the ISO14001 and ISO 18001 certifications - year on year improvement in safety performance	
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%		
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%		
			< 15%	nil	> 95%	nil		

12.9.6 Transactions with Key Management Personnel and their related parties

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

End of Audited Remuneration Report

13. 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 $44,546 (2021: $173,887) 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.

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

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 to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
31 August 2022

KPMG

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 2022 there have been:

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

31 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	CONSOLIDATED 30 June 2022 $'000	CONSOLIDATED 30 June 2021 $'000
Sales revenue	5(a)	164,962	173,358
Cost of sales	5(b)	(196,049)	(171,050)
Gross (loss)/profit		**(31,087)**	**2,308**
Other income and expenses			
Other income	5(c)	208	692
Administration and other expenses	5(d)	(13,371)	(9,572)
Care and maintenance	5(e)	-	(2,069)
Exploration expenditure	12	(2,522)	(3,217)
Financing income	5(f)	8	347
Financing expenses	5(f)	(2,815)	(1,345)
Ineffective portion of cashflow hedges		-	(1,410)
Total other income and expenses		**(18,492)**	**(16,574)**
(Loss)/profit before income tax expense		**(49,579)**	**(14,266)**
Income tax benefit/(expense)	6	915	4,788
Net (loss)/profit from continuing operations		**(48,664)**	**(9,478)**
(Loss)/gain from discontinued operation (net of tax)	23	20,049	(33,767)
Net (loss)/profit after income tax for the year		**(28,615)**	**(43,245)**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences			
- Movement in foreign currency translation reserve		631	(1,722)
- Reclassified to profit or loss		(26,504)	-
Re-measurement of defined retirement benefit		-	76
Cash flow hedge movements		(1,444)	20,038
Total comprehensive loss for the year		**(55,932)**	**(24,853)**
Net profit/(loss) after income tax attributable to:			
Non-controlling interest		(86)	(324)
Members of parent entity		(28,529)	(42,921)
		(28,615)	**(43,245)**
Total comprehensive profit/(loss) attributable to:			
Non-controlling interest		(83)	(364)
Members of parent company		(55,849)	(24,489)
		(55,932)	**(24,853)**
Earnings/(loss) per share attributable to shareholders		**Cents**	**Cents**
Basic earnings/(loss) per share	22	**(1.21)**	**(2.08)**
Diluted earnings/(loss) per share	22	**(1.21)**	**(2.08)**
Basic earnings/(loss) per share – continuing operations	22	**(2.06)**	**(0.44)**
Diluted earnings/(loss) per share – continuing operations	22	**(2.06)**	**(0.44)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		CONSOLIDATED	
	Note	30 June 2022 $'000	30 June 2021 $'000
Assets			
Current Assets			
Cash and cash equivalents	7	32,526	17,415
Trade and other receivables	8	19,025	9,861
Inventories	9	41,415	26,572
Assets held for sale	23	-	25,623
Total Current Assets		**92,966**	**79,471**
Non-Current Assets			
Property, plant and equipment	10	303,378	136,814
Mine properties	11	131,416	63,025
Exploration and evaluation assets	12	41,133	37,135
Trade and other receivables	8	8,180	28,810
Intangible assets		292	230
Total Non-Current Assets		**484,399**	**266,014**
Total Assets		**577,365**	**345,485**
Liabilities			
Current Liabilities			
Trade and other payables	13	64,174	39,787
Financial liability	15	19,376	-
Employee benefits	18	8,316	5,498
Provisions	16	1,296	1,116
Lease liabilities	17	18,490	3,529
Liabilities held for sale	23	-	3,940
Total Current Liabilities		**111,652**	**53,870**
Non-Current Liabilities			
Financial liability	15	152,894	-
Lease liabilities	17	81,604	6,624
Provisions	16	47,681	52,161
Employee benefits	18	739	421
Deferred tax liability	6	-	1,533
Total Non-Current Liabilities		**282,918**	**60,739**
Total Liabilities		**394,570**	**114,609**
Net Assets		**182,795**	**230,876**
Equity			
Contributed equity	20	443,160	442,626
Other equity		930	930
Reserves	21	6,918	31,027
Accumulated losses		(268,196)	(239,797)
Total Equity Attributable to Equity Holders of the Company		**182,812**	**234,786**
Non-controlling interests		(17)	(3,910)
Total Equity		**182,795**	**230,876**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	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
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 year	-	(28,529)	-	-	-	-	(86)	(28,615)
Other comprehensive (loss) / income for the period:								
Foreign currency translation differences	-	-	-	628	-	-	3	631
Reclassified to profit or loss	-	-	-	(26,504)	-	-	-	(26,504)
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	(1,444)	-	-	(1,444)
Total comprehensive income/ (loss) for the period	-	(28,529)	-	(25,876)	(1,444)	-	(83)	(55,932)
Vesting of performance rights (LTI) converted to ordinary shares	449	-	-	-	-	(449)	-	-
Vested service and deferred rights converted to ordinary shares (STI)	85	-	-	-	-	(85)	-	-
Performance rights (LTI) forfeited	-	-	-	-	-	(296)	-	(296)
Share based payments (LTI & STI)	-	-	-	-	-	4,171	-	4,171
Transfer from reserves	-	130	-	-	-	(130)	-	-
Disposal of subsidiary	-	-	-	-	-	-	3,976	3,976
Balance at 30 June 2022	**443,160**	**(268,196)**	**930**	**433**	**-**	**6,485**	**(17)**	**182,795**
Balance at 1 July 2020	**383,887**	**(196,876)**	**930**	**27,991**	**(18,594)**	**2,257**	**(3,546)**	**196,049**
Net profit/(loss) for the year	-	(42,921)	-	-	-	-	(324)	(43,245)
Other comprehensive (loss) / income for the period:								
Foreign currency translation differences	-	-	-	(1,682)	-	76	(40)	(1,646)
Change in fair value of cash flow hedges, net of tax	-	-	-	-	24,786	-	-	24,786
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	(4,748)	-	-	(4,748)
Total comprehensive income/ (loss) for the period	-	(42,921)	-	(1,682)	20,038	76	(364)	(24,853)
Issue of ordinary shares	60,067	-	-	-	-	-	-	60,067
Share issue expenses	(2,102)	-	-	-	-	-	-	(2,102)
Vesting of performance rights (LTI) converted to ordinary shares	542	-	-	-	-	(542)	-	-
Vested service and deferred rights converted to ordinary shares (STI)	232	-	-	-	-	(232)	-	-
Issue of deferred and service rights (STI)	-	-	-	-	-	160	-	160
Deferred rights reversed, issued in cash instead	-	-	-	-	-	(52)	-	(52)
Share based payments (LTI & STI)	-	-	-	-	-	1,607	-	1,607
Balance at 30 June 2021	**442,626**	**(239,797)**	**930**	**26,309**	**1,444**	**3,274**	**(3,910)**	**230,876**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

		CONSOLIDATED	
	Notes	**30 June 2022 $'000**	**30 June 2021 $'000**
Cash flows from operating activities			
Cash received from customers		158,606	174,677
Payments to suppliers and employees		(157,055)	(153,921)
Payments for exploration and evaluation		(2,522)	(3,217)
Sundry receipts		223	547
Income tax paid		-	-
Interest received		8	444
Interest paid		(791)	-
Net operating cash flows used in discontinued operation	23(c)	(828)	(3,975)
Net cash from operating activities	30	**(2,359)**	**14,555**
Cash flows used in investing activities			
Payments for property, plant equipment and intangibles		(94,844)	(99,643)
Payments for mine development and pre-operational cost		(82,729)	(10,050)
Payments for exploration and evaluation		(3,998)	(7,579)
Payments for bank guarantee relating to King of the Hills project		-	(21,112)
Disposal of discontinued operation, net of cash	23(c)	21,467	-
Net investing cash flows used in discontinued operation	23(c)	-	(53)
Net cash used in investing activities		**(160,104)**	**(138,437)**
Cash flows from financing activities			
Proceeds from issues of shares		-	60,066
Payments for share issue transaction costs		-	(2,102)
Proceeds from borrowings	15	175,000	-
Repayments of borrowings		-	(12,000)
Payments of facility fee on borrowings and interest		(2,730)	(379)
Payment for settlement for closure of hedges		-	(4,774)
Receipt from / (payment to) restricted cash		13,000	(7,500)
Payments of lease liabilities		(8,409)	(7,393)
Net cash from financing activities		**176,861**	**25,918**
Net increase in cash and cash equivalents		14,398	(97,964)
Cash at the beginning of the period		17,415	116,220
Effect of exchange rate fluctuations on cash held		713	(67)
Cash held within assets held for sale		-	(744)
Cash and cash equivalents at the end of the year	7	**32,526**	**17,415**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. REPORTING ENTITY

Red 5 Limited ("parent entity" or "the Company") is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Consolidated Financial Report for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group is primarily involved in the exploration and mining of gold.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 31 August 2022.

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.

The Group's principal cash flow generating assets are the King of the Hills (KOTH) and the Darlot Gold Mines, which operate as a single cash generating unit. In July 2022, Darlot has transitioned to an underground satellite mine providing ore to KOTH, and the Darlot process plant has been placed into care and maintenance.

The new KOTH process plant produced first gold on 5 June 2022, and the KOTH plant and mine is now ramping up towards its expected full production. The development of the KOTH Project was partly funded via a $175 million Project Financing Facility provided by Macquarie Bank, BNP Paribas and Hongkong Shanghai Banking Corporation.

At 30 June 2022, the Group had current assets of $92.966 million, primarily consisting of cash on hand, trade receivables and inventories. At the same date, the Group had current liabilities of $111.652 million comprised of trade payables, employee benefits, loan repayments and payments due for right of use leases. A significant portion of the working capital deficit ($18.686 million) relates to the current portion of employee benefits and lease liabilities, which will be funded from KOTH operational cash flows throughout the course of the year ending 30 June 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. Key assumptions in the cashflow forecast include:

- A steadily increasing production profile in line with the expected ramp up of the mill and access to higher grade ore from the KOTH open pit as the lower benches are accessed, as well as higher-grade feed being delivered from the KOTH underground mine and Darlot underground mine.
- Gold price continuing at current market prices.
- Operating costs have been prepared based on contracted rates taking into account cost pressures facing the industry, including rising costs.
- Capital equipment sufficient to deliver the planned mine development, completion of the Tailings Storage Facility 5 and planned exploration activities, noting that not all of these items have currently been contracted and that there is scope for these to be modified if required during the course of the year.

The Directors believe the Group will be able to continue as a going concern and recognise that:

- The ramp up of KOTH gold production will progressively generate positive cash flow for the Company.
- There are risks associated with the ramp up of a new gold mine and that the industry is operating in a highly volatile business environment including Covid-19, supply chain challenges, labour shortages and rising costs.
- Where there is a mismatch in the generation of cash flows at KOTH, the Company may formally request the lenders to vary the timing of debt repayments and scheduled hedging under the KOTH Project Financing Facility.
- If required, suitable funding solutions can be sourced taking into account KOTH's 4.1Moz Mineral Resource and 2.4Moz Ore Reserves, the divestment of non-core assets and other options.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and certain other financial assets and liabilities which are required to be measured at fair value. Share based payments are measured at fair value. The methods used to measure fair values of share based payments are discussed further in the Note 4.12. Rehabilitation provisions are based on net present value and are discussed in Note 4.14.

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgements

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

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

2.6 Rounding

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 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 2022 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

4.2 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. Interest incurred on loans for the construction of a qualifying asset is capitalised to the qualifying asset.

4.3 Property, plant and equipment

Property, plant and equipment includes land and buildings, plant and equipment, fixtures and fittings, right-of-use assets 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 are depreciated on a straight-line basis over their expected useful lives between 3 and 13 years.

Right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses. They are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use assets are depreciated over the useful life of the underlying asset.

4.4 Intangible assets

Intangible assets mainly comprise capitalised software. Intangible assets are initially recorded at cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Capitalised software is amortised on a straight-line basis over three years commencing when it is available for use.

4.5 Inventories

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

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

4.6 Exploration and evaluation assets

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

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area will be written off in full to the Statement of Profit or Loss and Other Comprehensive Income in the year in which the decision to abandon the area is made.

4.7 Mine properties

Mine development:

Pre-Production: Costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs, with the exception of any costs relating to the pre-production sale of products which is expensed to the Statement of Profit or Loss. All capitalised development costs incurred 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.

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

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

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

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

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

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

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

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

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

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

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

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

4.10 Financial instruments

Non-derivative financial instruments

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

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

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

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

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

Derivative financial instruments

Derivative 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.

It is management's intention to settle each contract through physical delivery of gold and as such, the gold forward sale contracts entered into by the Company do not meet the criteria of financial instruments for accounting purposes. This is referred to as the "own use" exemption. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to the counterparty.

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:

	Average Rate		Year-End Spot Rate	
AUD	**2022**	**2021**	**2022**	**2021**
Philippine Peso	37.19	36.17	37.91	36.48
USD	0.72	0.75	0.69	0.75

Financial statements of foreign operations

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

4.14 Rehabilitation costs

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

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

4.15 Provisions

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

4.16 Earnings per share

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

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

4.17 Business combinations

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

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

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

4.18 Revenue from contracts with customers

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

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

As part of the risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated gold sales. The counterparty to the gold forward contracts is BNP Paribas, Australia Branch, the Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited ("MBL") (the counterparties). It is management's intention to settle each contract through physical delivery of gold and as such, the gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes. This is referred to as the "own use" exemption. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to the counterparties.

4.19 Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.20 Discontinued operation

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

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

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

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

4.21 Assets held for sale

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

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

4.22 Accounting estimates and judgements

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

Impairment of Assets

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

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

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

Rehabilitation and mine closure provisions

As set out in note 4.14, this provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment. The discounted value reflects a combination of the Group's assessment of the costs of performing the work required, the timing of the cash flows and the discount rate.

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

Reserves and resources

The Group determines and reports ore reserves under the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Code ("JORC") as revised December 2012 JORC for underground reserves and the JORC 2012 edition for open pit reserves. The JORC code requires the use of reasonable investment assumptions to calculate reserves. Reserves determined in this way are taken into account in the calculation of depreciation of mining plant and equipment (refer to 4.3), amortisation of capitalised development expenditure (refer to note 4.7), and impairment relating to these assets.

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 modelling. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the equity instrument, 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 note 31.

Production start date

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

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

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

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

Capitalised exploration and evaluation assets

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

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

4.23 New and revised Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2022 reporting period. Except for the amendment to AASB 16 Property, Plant and Equipment, the Group has not elected to early adopt any other new standards. The other new standards do not have a material effect on the Group's financial statements.

Amendment to AASB 116 Property, Plant and Equipment

The Group has elected to early adopt the amendment in AASB 116 Property, Plant and Equipment, effective for annual periods beginning on or after 1 January 2022.

The amendment to AASB 116 prohibits an entity from deducting from the cost of an item of property, plant or equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

The effect of adopting the amendment in AASB 116 is to recognise in profit or loss the proceeds from sales of gold ore produced by the Group's King of the Hills operation while it is still in pre-production phase. Prior to the amendment pre-production sales proceeds were recognised as a credit against the cost of the asset.

Effect of pre-production sales from King of the Hills	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'000**
Gold and silver sales[(a)]	3,205	-
Costs of goods sold[(b)]	(7,644)	-
Effect on gross profit	**(4,439)**	**-**

(a) Pre-production gold ounces sold that were produced by King of the Hills processing plant amounted to 1,205 ounces for the year (30 June 2021: nil). This excludes ore fed into the plant sourced from the Great Western operation.

(b) Costs of producing the gold ounces sold by King of the Hills during the pre-production phase were allocated to the cost of goods sold on the basis of the inventory value of the finished goods sold, along with an allocation of administrative overheads.

5 REVENUE AND EXPENSES

	Consolidated Year ended 30 June 2022 $'000	Consolidated Year ended 30 June 2021 $'000
(a) Revenue		
Gold and silver sales	162,899	189,711
Realised gains/(losses) on cashflow hedges	2,063	(16,353)
	164,962	**173,358**
(b) Cost of sales		
Operating costs	(153,934)	(147,848)
Depreciation and amortisation (1)	(42,115)	(23,202)
	(196,049)	**(171,050)**

(1) With Darlot underground transitioning to a satellite mine providing ore to King of the Hills, accelerated depreciation and impairments for the Darlot Process Plant (now in care and maintenance) were booked during the year and totalled $22.585 million.

	30 June 2022 $'000	30 June 2021 $'000
(c) Other income		
Other income	208	692
	208	**692**
(d) Administration and other expenses		
Employee and consultancy expenses	(5,750)	(4,109)
Share-based payments	(4,171)	(1,767)
Corporate costs	(1,547)	(1,457)
Property and other indirect taxes	(931)	(201)
Legal fees	(379)	(878)
Depreciation	(399)	(291)
Travel and accommodation	(205)	(59)
Acquisition related costs	-	(176)
Foreign exchange gains	647	2
Other administration overheads	(636)	(636)
	(13,371)	**(9,572)**
(e) Care and maintenance (2)		
Fuel and utilities	-	(1,026)
Other costs	-	(160)
External services	-	(848)
Materials and consumables used	-	(35)
	-	**(2,069)**

(2) Care and maintenance costs in 2021 relate to the King of the Hills gold mine, which previously went into care and maintenance in February 2021.

	30 June 2022 $'000	30 June 2021 $'000
(f) Finance income / (expenses)		
Interest income	8	347
	8	**347**
Interest expense on borrowings and leases	(1,867)	(921)
Amortisation of borrowing costs	(90)	(150)
Unwinding of discount on rehabilitation provision	(858)	(161)
Unrealised loss on fuel hedges	-	(113)
	(2,815)	**(1,345)**
	(2,807)	**(998)**

6 INCOME TAX

	Consolidated Year ended 30 June 2022 $'000	30 June 2021 $'000
Current income tax		
Current income tax charge	-	-
Adjustment for prior period	-	1,791
	-	**1,791**
Deferred income tax		
Deferred income tax credit	842	5,122
Adjustment for prior period	73	(2,125)
	915	**(2,997)**
Income tax benefit/(charge)	**915**	**4,788**
A reconciliation between income tax charge and the profit/(loss) before income tax at the applicable income tax rate is as follows:		
(Loss)/profit before income tax	(49,579)	(14,266)
At statutory income tax rate of 30% (2021: 30%)	14,874	4,280
Temporary difference not recognised / (recognised)	2,458	1,400
Items not allowable for income tax purposes:		
Non-deductible expenses	(1,266)	(558)
Utilisation of carry forward tax losses not brought to account	-	-
Current year losses for which deferred tax asset is not recognised	(15,224)	-
Prior period adjustment	73	(334)
Income tax benefit benefit/(charge)	**915**	**4,788**
Tax losses and temporary differences not brought to account (tax effected)		
Deductible temporary differences	42,261	49,709
Tax losses	16,326	7,017

A portion of the tax losses and deductible temporary differences have not been recognised as a deferred tax asset at 30 June 2022 because the Directors do not presently believe that their realisation can be regarded as probable, except to the extent that they offset deferred tax liabilities.

Movement in deferred tax balances:

	Net balance at 1 July 2021 $'000	Recognised in other comprehensive income $'000	Recognised in profit or loss $'000	Net balance at 30 June 2022 $'000
Property, plant and equipment and intangible assets	(22,463)	-	(48,611)	(71,074)
Exploration and evaluation assets	(9,561)	-	(2,380)	(11,941)
Inventories	-	-	3,994	3,994
Provisions and employee benefits	18,771	-	(1,771)	17,000
Derivative financial instruments	-	618	(618)	-
Leases	1,584	-	(2,044)	(460)
Other items	(278)	-	2,307	2,029
Tax losses recognised	10,414	-	50,038	60,452
	(1,533)	**618**	**915**	**-**

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

(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 2022 $'000	30 June 2021 $'000
Cash at bank [(a)]	32,525	18,159
Cash on deposit	-	30
Cash on hand	1	-
	32,526	18,189
Cash held within assets held for sale	-	(774)
	32,526	**17,415**

(a) Cash at bank includes $13.0 million funds for the construction of the tailings storage facility at King of the Hills which the financiers require to be set aside for this purpose.

8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Trade debtors [(a)]	8,158	3,538
Restricted cash [(b)]	7,500	-
GST receivable	2,138	1,612
Prepayments	988	4,690
Sundry debtors	240	20
Interest receivable	1	1
	19,025	**9,861**
Non-current assets		
Security deposits	8,177	8,306
Restricted cash [(b)]	-	20,500
VAT receivable	3	4
	8,180	**28,810**

(a) Trade debtors includes amounts receivable for 2,794 ounces sold on 30 June 2022, equivalent to $7.362 million (30 June 2021: 1,313 ounces equivalent to $3.068 million).

(b) Restricted cash is made up of $7.5 million of funds in a debt service reserve account which has been transferred to current assets in FY22. The prior year balance included $13.0 million held to fund the construction of the tailings storage facility at King of the Hills. This was transferred to Cash and Cash Equivalents in FY22 when construction began.

9 INVENTORIES

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Stores, spares and consumables at cost	12,641	8,722
Provision for slow-moving stores, spares and consumables[(a)]	(5,382)	(683)
	7,259	8,039
Run of mine stockpiles at net realisable value (2021: net realisable value)[(b)]	22,245	6,064
Gold in circuit at net realisable value (2021: net realisable value)[(b)]	9,816	11,886
Crushed ore stockpile at net realisable value[(b)] (2021: at cost)	1,943	451
Gold Bullion at cost	152	132
	41,415	**26,572**

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 year the provision for slow-moving stores, spares and consumables inventory at the Darlot mine was increased to $5.382 million (30 June 2021: $0.683 million).

(b) Net realisable value adjustments of $5.881 million were made during the year (30 June 2021: $3.243 million). In addition a write-down adjustment to gold in circuit of $7.934 million relating to the Darlot process plant being placed in care and maintenance in July 2022 was made.

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
Cost						
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
Disposals	-	-	-	-	-	-
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**	**6,575**	**385,037**

	Land and buildings	Plant and equipment[(a)]	Fixtures and fittings	Right of use assets	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Balance at 1 July 2020	13,264	138,487	2,014	21,080	7,206	182,051
Additions[(a)]	436	2,025	29	6,224	97,765	106,479
Disposals[(b)]	-	(727)	-	(72)	-	(799)
Transfer from assets under construction	13	1,867	78	-	(1,958)	-
Transfer to assets held for sale	(3,065)	(92,750)	(1,752)	(76)	(732)	(98,375)
Balance at 30 June 2021	**10,648**	**48,902**	**369**	**27,156**	**102,281**	**189,356**

	Land and buildings	Plant and equipment	Fixtures and fittings	Right of use assets	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation						
Balance at 1 July 2021	(5,830)	(31,082)	(223)	(15,407)	-	(52,542)
Depreciation for the year[c]	(1,677)	(18,204)	(65)	(9,171)	-	(29,117)
Disposals	-	-	-	-	-	-
Balance at 30 June 2022	**(7,507)**	**(49,286)**	**(288)**	**(24,578)**	**-**	**(81,659)**
Balance at 1 July 2020	(6,475)	(73,739)	(1,802)	(9,518)	-	(91,534)
Depreciation for the year	(1,600)	(7,387)	(55)	(5,995)	-	(15,037)
Disposals	-	453	-	71	-	524
Transfer to assets held for sale	2,245	49,591	1,634	35	-	53,505
Balance at 30 June 2021	**(5,830)**	**(31,082)**	**(223)**	**(15,407)**	**-**	**(52,542)**
Carrying amounts						
At 1 July 2020	6,789	64,748	212	11,562	7,206	90,517
At 30 June 2021	4,818	17,820	146	11,749	102,281	136,814
At 30 June 2022	**27,663**	**166,689**	**389**	**102,061**	**6,575**	**303,378**

(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) Disposals in the prior year relate to old mobile machinery sold during FY21.

(c) 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.

11 MINE PROPERTIES

	Mine development	Asset retirement obligation	Mineral rights	Total
Cost	**$'000**	**$'000**	**$'000**	**$'000**
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 (refer to note 16)	-	(3,859)	-	(3,859)
Balance at 30 June 2022	**144,366**	**19,106**	**30,717**	**194,189**
Balance at 1 July 2020	235,525	11,328	30,717	277,570
Additions	10,050	-	-	10,050
Transfer from exploration and evaluation (refer to note 12)	2,805	-	-	2,805
Rehabilitation change in estimate (refer to note 16)	-	13,796	-	13,796
Transfer to assets held for sale	(189,436)	(2,159)	-	(191,595)
Balance at 30 June 2021	**58,944**	**22,965**	**30,717**	**112,626**

	Mine development	Asset retirement obligation	Mineral rights	Total
Accumulated depreciation	**$'000**	**$'000**	**$'000**	**$'000**
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)**

Balance at 1 July 2020	(207,810)	(86)	(18,457)	(226,353)
Amortisation	(4,658)	(1,756)	(1,426)	(7,840)
Reclassification of rehabilitation asset	184,506	86	-	184,592
Balance at 30 June 2021	**(27,962)**	**(1,756)**	**(19,883)**	**(49,601)**
Carrying amounts				
At 1 July 2020	27,715	11,242	12,260	51,217
At 30 June 2021	30,982	21,209	10,834	63,025
At 30 June 2022	**104,917**	**15,916**	**10,583**	**131,416**

12 EXPLORATION AND EVALUATION ASSETS

	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'000**
Opening balance	37,135	32,361
Exploration and evaluation expenditure incurred in current period	6,520	11,187
Capitalised exploration costs transferred to mine development (refer to note 11)	-	(2,805)
Exploration expenditure transferred to profit or loss [(a)]	(2,522)	(3,217)
Transferred to assets available for sale	-	(391)
Closing Balance	**41,133**	**37,135**

(a) The carrying value of exploration costs totalling $2.522 million were expensed (30 June 2021: $3.217 million). These costs were associated with drilling and studies at the Darlot Gold Mine, where no further work will be performed in that particular area.

13 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'000**
Current		
Creditors and accruals	60,069	33,973
Royalties and other indirect taxes	1,663	1,227
Insurance payable	-	2,291
Other creditors	2,442	2,296
	64,174	**39,787**

14 INCOME TAX PAYABLE

	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'000**
Income tax payable	-	-
	-	**-**

15 FINANCIAL LIABILITY

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Nominal Interest Rate	BBSY bid rate +4.0%	BBSY bid rate +4.0%
Loan Term	69 months	69 months
Carrying Value	172,270	-
Current borrowings	19,376	-
Non-current borrowings	152,894	-
	172,270	**-**

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

The key terms of the project financing facilities include:

- A$160 million senior secured project loan facility fully drawn;
- A$15 million cost overrun and working capital facility fully drawn;
- Loan term of 5.75 years, maturing on 30 September 2026;
- An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin below 4.00% p.a.;
- 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 $10.303 million is scheduled for 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 December 2022 quarter for which it has to report on a quarterly basis or in the event of a default.

16 PROVISIONS

	Rehabilitation provision[(a)] $'000	Withholding tax $'000	Other provisions[(b)] $'000	Total $'000
Opening balance	50,683	504	2,090	53,277
Provisions made	-	-	323	323
Provisions utilised	-	(504)	(1,116)	(1,620)
Change in rehabilitation estimate	4,982	-	-	4,982
Change in rehabilitation variables	(8,841)	-	-	(8,841)
Unwinding of discount	857	-	-	857
Closing balance	**47,681**	**-**	**1,296**	**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 MRF Levy and insurance payable at 30 June 2022.

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Current	1,296	1,116
Non-current	47,681	52,161
	48,977	**53,277**

17 LEASE LIABILITIES

Lease liabilities include electricity and gas power plants, vehicles and equipment. They have increased as a result of the construction and development of the King of the Hills. Lease liabilities expire between August 2022 and March 2032 and bear interest at rates between 2.3% and 8.4%. Ownership of the vehicles and equipment will revert to the Company at the end of the leases at no additional cost. The Company's obligations under the leases are secured by the lessor's title to the leased assets. The fair value of the lease liabilities approximates their carrying values.

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

	Future minimum lease payments		Interest		Present value of minimum lease payments	
Year ended 30 June	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Less than one year	25,289	3,917	6,799	388	18,490	3,529
Between one and five years	102,863	7,760	21,259	1,136	81,604	6,624
	128,152	**11,677**	**28,058**	**1,524**	**100,094**	**10,153**
Current	25,289	3,917	6,799	388	18,490	3,529
Non-current	102,863	7,760	21,259	1,136	81,604	6,624
	128,152	**11,677**	**28,058**	**1,524**	**100,094**	**10,153**

Variable lease payments on right-of-use assets amounted to $27.287 million for the year.

18 EMPLOYEE BENEFITS

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Provision for annual leave	3,436	2,912
Provision for long-service leave	1,589	1,634
Provision for incentive payments	4,030	1,373
	9,055	**5,919**
Current	8,316	5,498
Non-current	739	421
	9,055	**5,919**

19 DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Opening balance	-	(33,375)
Settlement of cashflow hedges	-	33,375
Closing balance	**-**	**-**

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

In the prior year the Group had a hedge liability position reflecting a negative mark-to-market value of gold contracts of $33.375 million comprising forward contracts for 67,000 ounces of gold at an average price of $2,089 per ounce for the period July 2020 to September 2021. In March 2021 the remaining open hedges were closed as mentioned above.

20 CONTRIBUTED EQUITY

	CONSOLIDATED	
	30 June 2022 $’000	30 June 2021 $’000
(a) Share capital		
2,356,360,652 (30 June 2021: 2,346,323,247) ordinary fully paid shares	**443,160**	**442,626**

(b) Movements in ordinary share capital

	CONSOLIDATED	
	Thousand Shares	$’000
On issue at 1 July 2020	**1,958,845**	**383,887**
Capital raising for cash	375,415	60,066
Service rights vested	744	149
Deferred rights vested and converted to shares	328	83
Performance rights vested and converted to shares	10,992	542
Share issue costs	-	(2,102)
On issue at 30 June 2021	**2,346,323**	**442,626**
On issue at 1 July 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**

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 2022 $’000
Opening balance 1 July 2021 [(a)]	581	930
Balance 30 June 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.

21 RESERVES

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Foreign currency translation reserve[a]	433	26,309
Deferred retirement benefit[b]	-	130
Share-based payment reserve and other reserves[c]	6,485	3,144
Hedging reserve[d]	-	1,444
	6,918	**31,027**

[a] The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currency is different to the presentation currency of the reporting entity. This balance has been mostly released to the income statement on the sale of the main Philippine operation, Greenstone Resources Corporation (GRC) in the current year.

[b] This reserve is for the revaluation movements of the defined retirement benefit fund for Philippines employees. It has been released on the sale of GRC during the current year.

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

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

22 EARNINGS PER SHARE

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

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

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Net (loss)/profit after income tax from continuing operations attributable to members of the parent company	(48,578)	(9,478)
Net profit/(loss) after income tax from discontinued operations	20,049	(33,767)
Net (loss)/profit after income tax attributable to members of the parent company	**(28,529)**	**(43,245)**

	CONSOLIDATED	
	2022 Weighted average no. of shares	2021 Weighted average no. of shares
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 July	**2,346,322**	**1,958,845**
Effect of shares issued 21 August 2021	8,353	-
Effect of shares issued 7 September 2021	266	-
Effect of shares issued 20 July 2020	-	706
Effect of shares issued 11 September 2020	-	8,823
Effect of shares issued 25 November 2020	-	196
Effect of shares issued 25 March 2021	-	65,861
Effect of shares issued 16 April 2021	-	27,093
Weighted average number of ordinary shares at 30 June (basic)	**2,354,941**	**2,061,524**

Weighted-average number of ordinary shares (basic):	2,354,941	2,061,524
Effect of performance rights contingently issuable	-	-
Effect of service rights contingently issuable	-	-
Weighted average number of ordinary shares at 30 June (diluted)	**2,354,941**	**2,061,524**
Earnings per share (cents per share)		
Basic (loss)/profit per share	**(1.21)**	**(2.08)**
Diluted (loss)/profit per share	**(1.21)**	**(2.08)**
Basic (loss)/profit per share – continuing operations	**(2.06)**	**(0.44)**
Diluted (loss)/profit per share – continuing operations	**(2.06)**	**(0.44)**

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

23 DISCONTINUED OPERATION

Sale of Siana Gold Mine (Philippines)

During FY21, the Group had been in negotiations with interested parties to divest its interests in Philippine-affiliated company Greenstone Resources Corporation (GRC), which holds both the Siana Gold Project (Siana) and the Mapawa Gold Project.

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.

In July 2021, a binding agreement with TVI Resource Development (Phils.) Inc. (TVIRD) was entered into for the sale of GRC. TVIRD is the Philippine affiliate of the Canadian-listed TVI Pacific Inc. The divestment included the process plant and all other infrastructure at Siana.

Upon completion of all closing conditions of the agreement, which included certain Philippine regulatory approvals which were satisfied during the September 2021 quarter, the Group received gross proceeds of US$19 million (approximately A$25.3 million) through the repayment of outstanding shareholder advances due from its Philippine-affiliated company, Red 5 Asia Inc, which was a shareholder of GRC.

In addition, a royalty of 3.25% payable for up to 619,000 ounces of gold will be payable to the Group from first gold from the restart of the Siana processing plant, which is expected in the first half of 2023.

(a) Results of discontinued operation

	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'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)	(7,199)
Impairment of discontinued operation(ii)	-	(26,568)
Profit/(loss) from discontinued operation	**20,049**	**(33,767)**

(i) The 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.

(ii) Due to uncertainty of receipt of the 3.25% royalties on the ounces of gold to be produced by GRC in the future, an impairment loss to the write down of the assets and liabilities of the discontinued operation to the lower of its carrying amount and fair value was incurred and accounted for in the June 2021 annual report.

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

	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'000**
Plant, property and equipment	16,740	17,367
Mine properties	960	960
Inventory	6,014	6,003
Trade and other receivables	639	519
Cash and cash equivalents	609	774
Total assets disposed of (2021: Assets held for sale)	**24,962**	**25,623**
Trade and other payables	(18)	(1,514)
Provisions	(2,364)	(2,362)
Employee benefits	-	(58)
Lease liabilities	-	(6)
Total liabilities disposed of (2021: Liabilities held for sale)	**(2,382)**	**(3,940)**
Net assets disposed of (2021: Net assets held for sale)	**22,580**	**21,683**

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

	CONSOLIDATED	
	30 June 2022 $'000	**30 June 2021 $'000**
Net cash used in operating activities	(828)	(3,975)
Net cash used in investing activities	21,467	(53)
Net cash from financing activities	-	-
Net cash flow for the year	**20,639**	**(4,028)**

24 RELATED PARTIES

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

Executive Directors
Mark Williams – Managing Director

Non-Executive Directors
Kevin Dundo
Ian Macpherson
Colin Loosemore
Steve Tombs
Andrea Sutton
Fiona Harris

Other executives
Jason Greive – Chief Operating Officer
John Tasovac – Chief Financial Officer

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

	CONSOLIDATED	
	30 June 2022 $	30 June 2021 $
Key management personnel		
Short term benefits including service and deferred rights	2,241,301	2,136,900
Post-employment benefits	141,130	143,192
Long term benefits	146,095	118,927
Share based payments	1,039,696	448,407
	3,568,273	**2,847,426**

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

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	
	2022 $	2021 $
Amounts paid or due and payable to the auditor for:		
Auditing and reviewing financial reports		
– KPMG Australia	195,900	153,810
– KPMG Australia fee from prior year	40,000	-
– overseas KPMG firms	4,445	39,738
Taxation advisory services		
– KPMG Australia	44,546	165,859
– overseas KPMG firms	-	8,028
	284,891	**367,435**

26 CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED	
	30 June 2022 $'000	30 June 2021 $'000
Capital expenditure commitments		
Contracted but not provided for: (a)		
- not later than one year	15,413	83,934
	15,413	**83,934**
Contractual sale commitments		
Sale commitments: (b)		
- not later than one year	125,072	-
- later than one year but not later than two years	184,419	125,072
- later than two years but not later than five years	100,533	284,952
	410,024	**410,124**

Contractual expenditure commitments		
Non-capital expenditure commitments:		
- not later than one year	904	5,376
	904	**5,376**
Tenement expenditure commitments:		
- not later than one year	3,291	3,310
- later than one year but not later than two years	2,931	2,612
	6,222	**5,922**

(a) In the prior year capital commitments related to the processing plant construction at King of the Hills. The project was completed during the current year, resulting in the remaining capital commitments at 30 June 2022 relating to the construction of the tailings storage facility at King of the Hills.

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

27 CONTINGENT LIABILITIES

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

28 SEGMENT INFORMATION

The Group is managed primarily on the basis of its production, development and exploration assets in both Australia and the Philippines. Operating segments are therefore determined on the same basis. Due to the sale of the Philippines operation (refer to note 23), the Philippines segment is classified as a discontinued operation. The Australia segment is made up of the Darlot and King of the Hills operations.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with 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**
Year ended 30 June 2022				
Revenues [c]	164,962	-	-	164,962
	164,962	**-**	**-**	**164,962**
Segment result before tax	**(38,089)**	**20,049**	**(11,490)**	**(29,530)**
Included within segment result:				
Other income	208	-	-	**208**
Interest income	2	-	6	**8**
Finance expenses	(1,797)	-	(1,018)	**(2,815)**
Exploration costs expensed	(2,522)	-	-	**(2,522)**
Depreciation and amortisation	(42,188)	-	(326)	**(42,514)**
Profit/(loss) from discontinued operation	-	20,049	-	**20,049**
Year ended 30 June 2021				
Revenues [c]	173,358	-	-	173,358
	173,358	**-**	**-**	**173,358**
Segment result before tax	**(4,363)**	**(33,767)**	**(9,903)**	**(48,033)**
Included within segment result:				
Other income	527	-	165	**692**
Interest income	35	-	312	**347**
Finance expenses	(787)	-	(558)	**(1,345)**
Exploration costs expensed	(3,217)	-	-	**(3,217)**
Depreciation and amortisation	(23,253)	-	(240)	**(23,493)**
Impairment of discontinued operation	-	(26,568)	-	**(26,568)**
Care and maintenance costs	-	(7,199)	-	**(7,199)**

(ii) Segment Assets	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2022				
Segment assets	**546,992**	**-**	**30,373**	**577,365**
Additions to non-current assets:				
Plant and equipment expenditure	198,540	-	4	**198,544**
Mine properties	82,729	-	-	**82,729**
Intangible assets	14	-	103	**117**
As at 30 June 2021				
Segment assets	**294,099**	**25,623**	**25,763**	**345,485**
Additions to non-current assets:				
Plant and equipment expenditure	105,060	-	1,419	**106,479**
Mine properties	10,050	-	-	**10,050**
Intangible assets	3	-	36	**39**

(iii) Segment Liabilities	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2022				
Segment liabilities	**215,484**	**-**	**179,086**	**394,570**
As at 30 June 2021				
Segment liabilities	105,688	3,940	4,981	**114,609**

[a] Australia segment consists of the Darlot Mining Company Pty Ltd and the King of the Hills gold project.
[b] Includes corporate costs of the group and inter-company transactions.
[c] Revenue is attributable to two customers only.

29 INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding 2022	Equity holding 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
Bremer Binaliw Corporation	Philippines	Ordinary	-	100
Red 5 Mapawa Inc	Philippines	Ordinary	100	100
Red 5 Dayano Inc	Philippines	Ordinary	100	100
Red 5 Asia Inc	Philippines	Ordinary	100	100
Greenstone Resources Corporation [a][b]	Philippines	Ordinary	-	40
Surigao Holdings and Investments Corporation [b]	Philippines	Ordinary	40	40

(a) In September 2021 the Company sold all its interest in Greenstone Resources Corporation to a Philippine registered resources company, TVI Resources Incorporated (refer to note 23).

(b) The Company held a 40% direct interest in Greenstone Resources Corporation (GRC) before it's sale (refer to note above) and currently still holds a 40% interest in Surigao Holdings and Investments Corporation (SHIC) voting stock. Agreements are in place which deal 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 2022 $'000	30 June 2021 $'000
Operating (loss)/profit after income tax	**(28,615)**	**(43,245)**
Profit on sale discontinued operation	(21,225)	-
Impairment of discontinued operation	-	26,568
Amortisation and depreciation	42,514	23,493
Ineffective portion of cashflow hedges	(2,063)	(3,363)
Deferred tax	(915)	(2,997)
Share based payment	3,875	1,767
Interest expenses	326	921
Write down of obsolete inventory	4,699	683
Write down of gold-in-circuit inventory	7,934	-
Non-cash stockpile movements	(522)	362
Unwinding of asset retirement obligation	858	179
Amortisation of borrowing costs	90	150
Other	861	2,632
Changes in operating assets and liabilities:		
(Increase)/decrease in inventories	(14,843)	9,588
(Increase)/decrease in receivables	(1,664)	1,936
Increase/(decrease) in payables	7,192	(2,930)
(Decrease)/increase in income tax payable	-	(1,791)
(Decrease)/increase in provisions	(861)	602
Net cash flow from operating activities	**(2,359)**	**14,555**

31 SHARE-BASED PAYMENT ARRANGEMENTS

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

Movement in Performance Rights year ended 30 June 2022					
Performance rights Series	**Balance at 1 July 2021**	**Granted[(a)]**	**Vested[(b)]**	**Forfeited[(c)]**	**Balance at 30 June 2022**
2022 Series	10,442,031	-	(5,576,211)	(4,865,820)	-
2023 Series	7,945,729	-	-	-	7,945,729
2023 PIO Series	-	11,550,613	-	-	11,550,613
2024 Series	-	18,410,000	-	-	18,410,000
Total	**18,387,760**	**29,960,613**	**(5,576,211)**	**(4,865,820)**	**37,906,342**

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

(a) Performance rights granted during the year ended 30 June 2022:

Project Incentive Opportunity (PIO) 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 three tranches based on different performance conditions measured over a period commencing 1 July 2022 to the vesting date which is 30 June 2023 if the conditions are met.

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

Project Incentive Opportunity – (Expiry date: 30 June 2023)				
	Tranche A	**Tranche B**	**Tranche C**	**Total**
Total PIO rights	**5,775,306**	**2,887,654**	**2,887,654**	**11,550,613**
Value per right	$0.28	$0.28	$0.28	
Valuation per tranche	**$1,617,086**	**$808,543**	**$808,543**	**$3,234,172**
Condition criteria	Greater than a specified number of gold ounces produced across both KOTH and Darlot mines (50% weighting)	Greater than a specified number of tonnes of ore processed at the KOTH processing plant (25% weighting)	Greater than a specified volume of development metres completed at the Darlot underground mine (25% weighting)	In addition, a safety gate applies to all PIO KPI's whereby no workplace fatalities occur at either the KOTH or Darlot operations.

LTIP 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 two tranches based on different performance conditions measured over a period commencing 1 July 2022 to the vesting date which is 30 June 2024 if the conditions are met.

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

LTIP Performance Rights 2024 series – (Expiry date: 30 June 2024)					
	Tranche A		**Tranche B**		**Total**
Total performance rights	**12,887,002**		**5,522,998**		**18,410,000**
Value per right	$0.217		$0.28		
Valuation per tranche	**$2,796,479**		**$1,546,440**		**$4,342,919**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (proved and probable), excluding 50% of acquired Ore Reserves		In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. a positive Company TSR for the measurement period; and 2. 90% of budgeted gold production over the measurement period.
	TSR > Index TSR +20%	100%	Stretch: 35% or over	100%	
	TSR > Index TSR +10%	50%	Target: 20%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	
			< 15%	nil	

	PIO Rights (2023 series)	**LTIP Rights (2024 series)**
Model Inputs		
Grant date	10 Dec 2021	10 Dec 2021
Value of the underlying security at grant date	$0.28	$0.28
Exercise price	nil	nil
Dividend yield	nil	nil
Risk free rate	0.535%	0.935%

Volatility	All tranches: 75%	All tranches: 75%
Performance period (years)	2.00	3.00
Commencement of measurement period	1 July 2021	1 July 2021
Vesting date	30 June 2023	30 June 2024
Remaining performance period (years)	1.55	2.56
Weighted average fair value per right	**$0.28**	**$0.236**
No. performance rights	11,550,613	18,410,000
Total Valuation	**$3,234,172**	**$4,342,919**

(b) In accordance with the terms of the Red 5 Rights Plan, performance rights that were issued to key management personnel and senior management have vested following the partial achievement of performance conditions measured over the three years ended 30 June 2022.

(c) Performance rights with unmet performance conditions have lapsed, and have been forfeited.

Shares issued, Service and Deferred Rights

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised	Outstanding at 30 June 2022
Service rights issued and vested: Jason Greive [(a)]	26-Oct-21	30-Jun-22	$75,000	412,088	-	412,088
Service rights issued and vested: John Tasovac [(b)]	24-Nov-20	30-Jun-21	$26,744	102,861	(102,861)	-

(a) Service Rights for Mr Greive issued under the Red 5 FY21 Rights Plan. They have a 12 month service test and vested on 1 July 2022 because Mr Greive was still an employee at that date.
(b) Service Rights for Mr Tasovac issued under the Red 5 FY20 Rights Plan. They have a 12 month service test and vested on 1 July 2021 because Mr Tasovac was still an employee at that date.

Share based payments expense for the shares issued, service and deferred rights was $nil, (2021: $0.124 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 2022 $'000	2021 $'000
Cash and cash equivalents	32,526	17,415
Trade and other receivables	19,025	9,861
Non-current receivables	8,180	28,810

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.

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

CONSOLIDATED	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	More than five years
	$'000	$'000	$'000	$'000	$'000
As at 30 June 2022					
Trade and other payables	64,174	(64,174)	(64,174)	-	-
Lease liabilities	100,094	(128,152)	(25,288)	(73,582)	(29,282)
Financial liabilities	172,270	(194,598)	(27,830)	(166,768)	-
	336,538	**(386,924)**	**(117,292)**	**(240,350)**	**(29,282)**
As at 30 June 2021					
Trade and other payables	39,787	(39,787)	(39,787)	-	-
Lease liabilities	10,153	(12,715)	(6,385)	(6,330)	-
	49,940	**(52,502)**	**(46,172)**	**(6,330)**	**-**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity 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.

Hedge accounting

The Group's risk management policy is to hedge gold sales in local currency as and when appropriate, subject to the terms of the Syndicated Facility Agreement.

At 30 June 2022 there were commitments over future sales of gold from the King of the Hills operation (refer to note 26). These are accounted for using the "own use" exemption and are not regarded as financial instruments.

Gold price sensitivity

Derivative financial instruments valued using valuations models with inputs such as forward gold prices, are sensitive to gold price fluctuations. Currently there are no derivative financial instruments because the Group accounts for gold hedges using the "own use" exemption (2021: nil).

An increase of 10% or decrease of 10% in the average gold price for the year would have increased/(decreased) equity and profit or loss by the amounts shown below:

CONSOLIDATED	Profit or loss			Equity	
	10% increase $'000	10% decrease $'000		10% increase $'000	10% decrease $'000
30 June 2022					
Gold sales revenue	16,246	(16,246)		16,246	(16,246)
30 June 2021					
Gold sales revenue	17,094	(17,094)		17,094	(17,094)

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.

Interest rate risk
The consolidated entity is exposed to interest rate risk, primarily on its borrowings and on its cash and cash equivalents. This 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 currently use derivatives to mitigate these exposures.

For cash and cash equivalents, the consolidated entity adopts a policy of ensuring that any excess cash is utilised to pay down long term debt under the terms of the Syndicated Facility Agreement.

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	CONSOLIDATED Carrying amount	
	2022 $'000	2021 $'000
Cash and cash equivalents	32,526	17,415
Restricted cash	7,500	20,500
Security deposits	8,177	8,306
Borrowings	(172,270)	-
	(124,067)	**46,221**

Cash flow sensitivity analysis for variable rate instruments
An increase of 100 basis points or decrease of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

CONSOLIDATED	Profit or loss			Equity	
	100bp increase $'000	100bp/50bp decrease $'000		100bp increase $'000	100bp/50bp decrease $'000
30 June 2022					
Variable rate instruments	(1,241)	1,241		(1,241)	1,241
30 June 2021					
Variable rate instruments	462	(231)		462	(231)

Net fair values

The carrying value of financial assets and liabilities equates to 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 by and reporting tothe 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:

- Financial liabilities - borrowings of $172.270 million (30 June 2021: $nil)
- Derivative Financial Instruments, liability of $nil (30 June 2021: $nil)

34 DEED OF CROSS GUARANTEE

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

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

The subsidiaries subject to the Deed are:

- Opus Resources Pty Ltd
- Darlot Mining Company Pty Ltd
- Greenstone Resources (WA) Pty Ltd

Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd both became party to the Deed of Cross Guarantee on 30 June 2018. Greenstone Resources (WA) Pty Ltd became party to the Deed of Cross Guarantee on 30 June 2021.

A consolidated statement of comprehensive income and a consolidated statement of financial position, comprising of the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2022 is set out as follows:

(a) STATEMENT OF OTHER COMPREHENSIVE INCOME	CLOSED GROUP YEAR ENDED	
	30 June 2022 $'000	**30 June 2021 $'000**
Sales revenue	164,962	173,358
Cost of sales	(196,049)	(171,050)
Gross profit	**(31,087)**	**2,308**
Other income and expenses		
Other income	208	527
Administration and other expenses	(13,547)	(11,471)
Exploration expenditure	(2,522)	(3,217)
Operating (loss)/profit	**(46,948)**	**(11,853)**
Finance income	8	347
Finance expenses	(126,388)	(57,960)
Net financing expense	(126,380)	(57,613)
Profit/(loss) before tax	(172,328)	(69,466)
Income tax (expense)/benefit	915	4,788
(Loss)/profit after tax for the year	**(172,413)**	**(64,678)**
Other comprehensive income/(loss)		
Changes in fair value of cashflow hedges, net of tax	-	24,787
Ineffective portion of cash flow hedges	(1,444)	(4,748)
Total comprehensive profit/(loss) for the year	**(173,857)**	**(44,639)**

(b) STATEMENT OF FINANCIAL POSITION	CLOSED GROUP YEAR ENDED	
	30 June 2022 $'000	**30 June 2021 $'000**
Assets		
Cash and cash equivalents	32,474	17,374
Trade and other receivables	18,880	9,858
Inventories	41,415	26,572
Total current assets	**92,769**	**53,804**
Property, plant and equipment	303,378	136,814
Mine properties	131,273	62,882
Exploration and evaluation assets	41,133	37,135
Trade and other receivables	7,380	50,490
Intangible assets	291	230
Investments	658	658
Total non-current assets	**484,113**	**288,209**
Total assets	**576,882**	**342,013**

Liabilities		
Trade and other payables	64,987	40,953
Employee benefits	8,316	5,498
Income tax payable	-	-
Borrowings	19,376	-
Lease liabilities	18,490	3,529
Total current liabilities	**111,169**	**49,980**
Employee benefits	739	421
Provisions	47,681	52,926
Borrowings	152,894	-
Lease liabilities	81,604	6,624
Deferred tax liability	-	1,533
Total non-current liabilities	**282,918**	**61,504**
Total liabilities	**394,087**	**111,484**
Net assets	**182,795**	**230,529**
Equity		
Contributed equity	445,411	444,877
Other equity	930	930
Reserves	35,938	34,041
Accumulated losses	(299,484)	(249,319)
Total equity	**182,795**	**230,529**

35 PARENT ENTITY DISCLOSURES

	PARENT ENTITY	
	30 June 2022 $'000	**30 June 2021 $'000**
(a) Finance position		
Assets		
Current assets	28,849	3,595
Non-current assets	292,988	154,964
Total assets	**321,837**	**158,559**
Liabilities		
Current liabilities	25,340	4,246
Non-current liabilities	153,263	3,497
Total liabilities	**178,603**	**7,743**
Equity		
Contributed equity	443,160	442,626
Other equity	930	930
Reserves	6,485	4,587
Accumulated losses	(307,341)	(297,327)
Total equity	**143,234**	**150,816**

	PARENT ENTITY	
	30 June 2022 $'000	**30 June 2021 $'000**
(b) Finance performance		
Profit/(loss) for the year	(172,413)	(64,678)
Other comprehensive income	(1,444)	20,039
Total comprehensive profit/(loss) for the year	**(173,857)**	**(44,639)**
(c) Financial commitments		
Low value and short term leases:		
- Not later than one year	-	-
Total financial commitments	**-**	**-**

(d) Contingent liabilities

The parent entity did not have any contingent liabilities at 30 June 2022 (2021: $nil).

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

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

36 SUBSEQUENT EVENTS

During the first quarter of FY23, the Darlot Gold Mine's processing plant was wound down and the Darlot operation has been transitioned to a satellite underground mine to provide ore to King of the Hills, with the majority of surface employees at Darlot tranisitioning or having already transitioned to King of the Hills. As a result, the Darlot process plant was placed into care and maintenance in July 2022.

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

DIRECTORS' DECLARATION

The Board of Directors of Red 5 Limited declares that:

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

- giving a true and fair view of the Group's financial position as at 30 June 2022 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) Aa 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 2022.

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
31 August 2022

Independent Auditor's Report

To the shareholders of Red 5 Limited

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 2022 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 2022;
- 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; and
- 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 these requirements.

KPMG

Key Audit Matters

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

- Sales revenue;
- Property, plant and equipment and mine properties; and
- Going concern basis of accounting.

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

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

Sales revenue ($164.962 million)

Refer to Note *5(a)* to the Financial Report

The key audit matter	How the matter was addressed in our audit
Existence and accuracy of sales revenue is a key audit matter due to its significance to the consolidated financial statements combined with the incremental audit effort assessing the application of relevant accounting standards. Gold sales revenue from the Group's Darlot and King of the Hills (KOTH) operations was the most significant item in the consolidated statement of profit or loss ($164.962 million). We focused on the following judgements the Group applied in determining sales revenue: • Assessing the revenue recognised against the requirements of AASB 15 *Revenue form Contracts with Customers*; • Judgements made by the Group in the early adoption to forthcoming requirements to AASB 116 *Property, Plant and Equipment.* Proceeds from sales made from the KOTH operation while in pre-production phase have been recorded in the income statement with a corresponding allocation made to costs of goods sold; and • The application of the "own-use" exemption for gold forward contracts.	Our procedures included: • We considered the Group's accounting policies for the recognition of sales revenue against the requirements of the accounting standards; • For gold sales recognised during the year we obtained the sales invoice and compared the quantity sold against third party statements from the refinery and cash received in the bank; • For a sample of sales recorded close to year end, we tested against the recognition criteria of AASB 15 checking control had passed to the customer to the date of the third party statements; • We evaluated the methodology for allocating costs to inventory for sales made in the KOTH pre-production phase. We tested, on a sample basis, costs allocated against these sales; and • For gold forward contracts where "own-use" exemption was applied, we checked the gold forward contracts, compared to the Group's gold production forecasts and inquired with finance and operational personnel as to the intention to deliver physical gold in those contracts in accordance with the requirements of the accounting standards to apply the own-use exemption.

<table>
<tr><th colspan="2">Property, plant and equipment ($303.4m) and mine properties ($131.4m)</th></tr>
<tr><td colspan="2">Refer to Notes 10 and 11 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>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. Additions to Property, Plant and Equipment ($198.5 million) and Mine Development ($82.7 million) primarily related to construction of the King of the Hills (KOTH) project. Of the additions to Property, Plant and Equipment $99.5 million relates to right of use assets, which is largely leases embedded in supply contracts relating to the establishment of the KOTH mining operations.

Property, Plant and Equipment and Mine Development represents 75% of total assets of the Group.

The Group used judgement in the identification and allocation of cost between operating and capital expenditure. The risks we focused on include:
the existence of expenditure capitalised;
the methodology used to allocate costs between operating expenditure (including inventory stockpiles), capital expenditure and exploration & evaluation assets;
the relative magnitude of lease liabilities right-of-use assets added during the year pursuant to AASB 16 "Leases". A focus for us was the completeness of leases to be recognised and the accuracy of multiple inputs which may drive different accounting outcomes, including key terms of the lease agreements, such as commencement dates, fixed and variable payments, renewal and termination options; and
the assessment of the existence of impairment or reversal indicators of the non-financial assets contained within Group's CGUs.</td><td>Our procedures included:
Test of controls and inputs relating to the authorisation and accuracy of the recording, classification and payment of expenditure;
Assessment of the allocation of costs between operating expenditure (including inventory stockpiles), capital expenditure and exploration & evaluation assets by inspecting documentation on a sample basis and assessing the nature of the underlying activity;
Selecting a sample of supplier and contractor invoices raised during the year. We checked the timing and nature of recorded expenditure against the details of the service description on the invoice or contract;
We compared the key inputs adopted by the Group in its AASB 16 lease calculations against underlying source documents including signed agreements and lessor's invoices;
We assessed the completeness of leases recognition by understanding the Group's process to identify leases within contracts, and by inspecting a sample of non-lease agreements for the existence of potential embedded leases; and
Challenging the Group's assertion as to the presence of no impairment or reversal indicators. This included assessing the composition of the KOTH mining hub CGU.</td></tr>
</table>

Going concern basis of accounting	
Refer to Note *2.2* to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The Group's use of the going concern basis of accounting is a key audit matter due to the level of judgement required by us in evaluating the Group's assessment of going concern. These are outlined in Note 2.2.
 	
The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements.
 	
We critically assessed the judgements focusing on the following:
 	
• the Group's significant cash inflow assumptions particularly forecast production volumes, impact of future commodity prices and foreign exchange rates to cash inflows projected;
 	
• the Group's planned levels of operational and capital expenditures, and the ability of the Group to manage cash outflows within available funding;
 	
• the Group's ability to meet financing commitments and covenants. This included nature of planned activities to achieve this and status/progress of those plans; and
 	
• the Group's ability to source suitable funding solutions.
 	
In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.
	Our procedures included:
	
	• We analysed the cash flow projections by:
	
	    • Evaluating the underlying data used to generate the projections. We specifically looked for consistency of information used with the Group's intentions, as outlined in Directors minutes and the KOTH feasibility study;
	
	    • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern including ability to meet financing commitments and covenants. The specific areas we focused on was gold production sensitivities given the ramp up of production at KOTH;
	
	    • Assessing the Group's significant cash inflow assumptions and judgements for feasibility and timing. We used our knowledge of the client, its industry, published views of market trends and conditions to assess the level of associated uncertainty; and
	
	    • Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's actual results, results since year end, and our understanding of the busines and industry including KOTH's feasibility study.
	
	• We read correspondence to assess the timing and magnitude of suitable funding options.
	
	• We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's funding plans or conditions and accounting standard requirements.

Other Information

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

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not 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; and
- 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.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Red 5 Limited for the year ended 30 June 2022 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 2022.

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

KPMG.

KPMG

R Gambitta
Partner

Perth

31 August 2022