APPENDIX 4E (rule 4.3A)
PRELIMINARY FINAL REPORT
For the year ended 30 June 2021

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 2020)

			30 June 2021	30 June 2020
	Up/Down	% change	A$000	A$000
Revenue from ordinary activities	Down	13%	173,358	200,332
(Loss)/profit from continuing operation after tax	Down	189%	(9,478)	10,641
Net (loss)/profit attributable to equity holders	Down	1,069%	(43,245)	4,544

			30 June 2021	30 June 2020
	Up/Down	% change	A$ cents	A$ cents
Basic earnings/(loss) per share	Down	542%	(2.08)	0.33
Diluted earnings/(loss) per share	Down	562%	(2.08)	0.32

Dividends
No dividends have been paid or declared during the year ended 30 June 2021 (30 June 2020: Nil).

	30 June 2021 A$	30 June 2020 A$
Amount per security	N/A	N/A
Franked amount per security	N/A	N/A

Net tangible assets

	30 June 21	30 June 20
	A$ cents	A$ cents
Net tangible assets per ordinary share	9.84	10.01

Additional Appendix 4E disclosure requirements can be found in the directors' report and the 30 June 2021 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 2021

CORPORATE DIRECTORY

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

COMPANY SECRETARY
Frank Campagna

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

Telephone: +61 8 9322 4455
Email: info@red5limited.com
Web-site: www.red5limited.com

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
Hopgood Ganim
SyCip Salazar Hernandez & Gatmaitan (Philippines)

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

Trading code: RED

CONTENTS

Directors' Report..2

Auditor's Independence Declaration....................22

Consolidated Statement of Profit or Loss and Other Comprehensive Income.............................23

Consolidated Statement of Financial Position 24

Consolidated Statement of Changes in Equity 25

Consolidated Statement of Cash Flows…..........26

Notes to the Consolidated Financial Statements.27

Directors Declaration 64

Independent Auditor's Review Report 65

DIRECTORS' REPORT

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

1. DIRECTORS AND COMPANY SECRETARY

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

Kevin Anthony Dundo
Mark James Williams
Ian Keith Macpherson
John Colin Loosemore
Steven Lloyd Tombs
Andrea Jane Sutton (appointed 18 November 2020)

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

1.1. Information on Directors

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

Mark Williams	**Executive Director**
Appointment date	Non-Executive Director from January 2014 and Managing Director since April 2014
Special responsibilities	Managing Director
Qualifications	Dip CSM Mining, GAICD
Experience	Mr Williams was previously General Manager of the Tampakan Copper-Gold Project in the southern Philippines from 2007 to 2013. He has over 20 years of mining experience operating within a diverse range of open cut, underground, quarrying and civil engineering environments across the developed markets of Australia, United Kingdom and New Zealand as well as the emerging markets of Philippines, Vietnam, Thailand and South Pacific.
Other listed company directorships	Mr Williams has not held directorships in any other listed companies in the past 3 years.

Ian Macpherson	**Non-Executive Director**
Appointment date	April 2014
Special responsibilities	Chairman of the Audit Committee; Member of the Remuneration and Nomination Committee; and Member of the Risk and Environment Committee.
Qualifications	B.Comm, CA
Experience	Mr Macpherson is a Chartered Accountant with over 35 years' experience in the provision of financial and corporate advisory services. He was a former partner at Arthur Anderson & Co managing a specialist practice providing corporate and financial advice to the mining and mineral exploration industry. Mr Macpherson established Ord Partners in 1990 (later to become Ord Nexia) and has specialised in the area of corporate advice with particular emphasis on capital structuring, equity and debt raising, corporate affairs and stock exchange compliance for publicly listed companies.
Other listed company directorships	Director of RBR Group Ltd (since October 2010).

Colin Loosemore	Non-Executive Director
Appointment date	December 2014
Special responsibilities	Chairman of the Health, Safety, Environment and Community (HSEC) Committee; and Member of the Audit Committee.
Qualifications	B.Sc.Hons., M.Sc., DIC., FAusIMM
Experience	Mr Loosemore is a geologist with over 40 years' experience in multi-commodity exploration including over 30 years as a director of public exploration companies within Australia and overseas. He graduated from London University in 1970 and the Royal School of Mines in 1977. Mr Loosemore was most recently Managing Director of Archipelago Resources plc where he oversaw development of the Toka Tindung Gold Mine in Sulawesi, Indonesia.
Other listed company directorships	Mr Loosemore has not held directorships in any other listed companies in the last 3 years.

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

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

1.2. Information on Company Secretary

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

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

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

1.4. Director's Meetings

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

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

1.5. Corporate Governance

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

2. PRINCIPAL ACTIVITIES

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

3. RESULTS OF OPERATIONS

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

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

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

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

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

3.1 Operating Review

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

(a) ***Covid-19 response***

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

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

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

(b) ***Darlot and King of the Hills gold operations***

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

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

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

(c) Siana Gold Project, Philippines

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

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

Summary of the binding offer:

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

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

(d) Exploration and Resource Development

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

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

(e) Feasibility studies – King of the Hills project

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

(f) Process Plant Construction

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

(g) Corporate

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

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

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

3.2 Financial Review

(a) Gold sales

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

(b) Income statement

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

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

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

(c) Balance sheet

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

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

(d) Cash flow

During the year, cash and cash equivalents decreased by $98,030,000.

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

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

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

4. DIVIDENDS

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

5. OPTIONS GRANTED OVER SHARES

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

6. PERFORMANCE RIGHTS

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

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

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

7. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS

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

8. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Sale of Siana Gold Mine (Philippines)

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

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

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

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

Project Finance Facility for the KOTH Project

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

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

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

10. ENVIRONMENTAL REGULATIONS

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

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the consolidated entity by any government agency during the year ended 30 June 2021.

11. REMUNERATION REPORT (AUDITED)

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

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

The report contains the following sections:

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

11.1 Key Management Personnel covered by this Remuneration Report

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

Non – Executive Directors	Executive Directors	Executives
Kevin Dundo	Mark Williams – Managing Director	Jason Greive[b] - Chief Operating Officer
Ian Macpherson		John Tasovac - Chief Financial Officer
Colin Loosemore		Brendon Shadlow[c] - General Manager Operations
Steven Tombs		
Andrea Sutton[a]		

[a] Andrea Sutton was appointed as a Non-Executive Director effective on 18 November 2020.
[b] Jason Greive was appointed Chief Operating Officer on 30 November 2020.
[c] Brendon Shadlow was KMP until 30 November 2020. General Manager is no longer categorised as a KMP position upon appointment of the Chief Operating Officer role.

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

11.2 Remuneration Governance

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

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

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

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

11.3 Services from Remuneration Consultants

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

11.4 Principles of remuneration

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

- fixed remuneration should be set within the range of P62.5 and P75, which represents the 62.5th and 75th percentiles of the relevant market data;
- reward reflects the competitive market in which Red 5 operates;
- for executives, individual reward should be linked to performance criteria through variable remuneration, and
  - at target, which is intended to be a challenging but achievable performance, the combination of fixed remuneration and the outcomes of variable remuneration should position Total Remuneration Packages between P50 and P75 of the market,
  - variable remuneration should generally be offered in the form of separate short (1 year) and long term (3 year) incentives; and
- Non-Executive Directors should not receive remuneration related to performance or participate in any executive incentive plan.

11.5 Executive Remuneration Framework

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

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

- Fixed remuneration;
- Short-term incentives linked to annual planning and longer-term objectives; and
- Long-term incentives through participation in performance-based equity plans, with the prior approval of shareholders to the extent required.

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

11.5.1 Fixed Remuneration

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

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

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

Performance incentives may be offered to the Managing Director and senior executives through the operation of incentive schemes. The short-term incentive is offered annually, set as a percentage of annual salary, payment of which is conditional upon the achievement of agreed key performance indicators (KPIs) for each executive, which comprise a combination of agreed milestones and financial measures. These milestones are selected from group, functional/unit and individual level objectives, each weighted to reflect their relative importance and each with targets linked to the Board's expectations and with threshold, target and stretch levels set where possible (some KPIs are binary and are either achieved or not achieved).

The KPIs comprise financial and non-financial objectives and include out-performance against the annual operating budget, in terms of gold production, operating costs, group EBITDA, health and safety targets and specific operations-related milestones including project development milestones for the King of the Hills project. Measures chosen directly align the individual's reward to the KPIs of the group and to its strategy and performance. The plan also has a production or financial gate to ensure that no performance bonus is payable when it would be inappropriate or unaffordable to do so. Any award under the STI for the Managing Director and executives is generally subject to deferral at a rate of 50% of the award, to be delivered in the form of Service or Deferred Rights, subject to shareholder approval, if required.

The Service and Deferred Rights are intended to prevent the equity being sold for a period of 12 to 24 months (respectively). Service rights are subject to a 12-month service test. The purpose of deferral is to manage the risk of short-termism inherent in setting short term objectives, to promote sustainable value creation and to build further alignment with shareholders.

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

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

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

Share-based compensation

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

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

11.6 Group Performance

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

	2021	2020	2019	2018	2017
ASX Share price at year end	$0.19	$0.20	$0.18	$0.08	$0.03
Profit/(loss) after income tax attributable to owners of the company for continuing operations ($'000)	(9,478)	4,544	(3,030)	(11,928)	(110,203)
Profit/(loss) after income tax attributable to owners of the company ($'000)	(43,245)	4,544	(3,030)	(11,928)	(110,203)
Dividends paid ($'000)	-	-	-	-	-
Underlying EBITDA[(a)] ($'000)	11,635	53,979	29,890	297	14,167

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

11.6.1 STI performance pay outcome

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

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

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

Executive KMP STI Awards for 2021	Cash Bonus $	Deferred Rights[a] $	Service Rights[b] $
Mark Williams	-	-	-
Jason Greive	75,000	75,000	-
John Tasovac	-	-	-

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

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

11.6.2 LTI performance pay outcome

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

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

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

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

[a] Jason Greive was appointed Chief Operating Officer on 30 November 2020.

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

11.7 Key Management Personnel Service Agreements

11.7.1 Non-Executive Directors' remuneration

In accordance with current corporate governance practices, the structure for the remuneration of Non-Executive Directors and senior executives is separate and distinct. Shareholders approve the maximum aggregate remuneration payable to Non-Executive Directors, with the current approved limit being $650,000 per annum. The Remuneration and Nomination Committee recommend the actual payments to Directors and the Board is responsible for ratifying any recommendations.

The current fee policy is as follows:

- The Chair receives fees of $135,000 per annum plus superannuation;
- Non-Executive Directors receive $100,000 per annum plus superannuation;
- Chairs of Board committees receive:
  - $15,000 per annum plus superannuation for the audit committee, and
  - $10,000 per annum plus superannuation for other committees;

- Committee members are not paid any additional fee;
- Non-Executive Directors are entitled to statutory superannuation benefits; and
- The Board approves any consultancy arrangements for Non-Executive Directors who provide services outside of and in addition to their duties as Non-Executive Directors.

Non-Executive Directors are not entitled to participate in performance-based remuneration schemes. However, the Board may seek annual shareholder approval for a Non-Executive Directors' share plan, under which Non-Executive Directors can elect to receive a portion of their existing Directors fees in shares in Red 5. All Directors are entitled to have premiums on indemnity insurance paid by Red 5. During the financial year, Red 5 paid premiums of $318,825 (2020: $238,068) to insure the Directors and other officers of the consolidated entity. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

11.7.2 Executive Directors – Managing Director

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

Mr Williams' agreement is for an indefinite period.

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

- Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance. One half of any performance bonus is payable in cash and one half is to be satisfied by the issue of Share Rights which are subject to service or escrow conditions.
- Equity compensation: entitlement to be granted indeterminate rights which can be delivered in either cash or shares. The rights are granted annually with a measurement period of three years with vesting conditions comprising outperformance against TSR and agreed operational measures including gold production targets.

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

11.7.3 Executives

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

Mr Greive's agreement is for an indefinite period.

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

- Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance.
- Equity compensation: entitlement to participate in the PR Plan with performance hurdles or vesting schedules determined at time of grant.

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving 6 months' notice or payment in lieu of notice and by Mr Greive giving 3 months' notice.

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

Mr Tasovac's agreement is for an indefinite period.

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

- Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance.
- Equity compensation: entitlement to participate in the PR Plan with performance hurdles or vesting schedules determined at time of grant.

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving 6 months' notice or payment in lieu of notice and by Mr Tasovac giving 3 months' notice.

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

Mr Shadlow's agreement is for an indefinite period.

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

- Performance bonus: short term incentive bonus determined as a percentage of annual salary and based on the achievement of pre-determined milestones which are selected from group, functional and individual level objectives, each weighted to reflect their relative importance.
- Equity compensation: entitlement to participate in the PR Plan with performance hurdles or vesting schedules determined at time of grant.

Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long-term incapacity) Mr Shadlow is entitled to three months' notice or payment in lieu of notice. Mr Shadlow may terminate the agreement by giving three months' notice.

11.7.4 Transactions with Key Management Personnel and their related parties

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

11.8 Details of Remuneration

The following table discloses details of the nature and amount of each element of the remuneration paid to key management personnel including the Directors of Red 5 for the year ended 30 June 2021.

2021		Short term						Long term			
Name	Salaries or directors' fees	Expenses/ Allowances	Cash Bonus	Deferred rights[e]	Service rights[f]	Consulting fees	Super-annuation	Annual and long service leave	Performance rights expense[g]	Performance rights forfeited[h]	Total
	$	$	$	$	$	$	$	$	$	$	$
Executive Director											
Mark Williams	618,200[a]	-	-	-	-	-	25,000	62,743	326,378	(57,900)	974,421
Non-Executive Directors											
Kevin Dundo	135,000	-	-	-	-	-	12,825	-	-	-	147,825
Ian Macpherson	115,000	-	-	-	-	-	10,925	-	-	-	125,925
Colin Loosemore	110,000	-	-	-	-	-	10,450	-	-	-	120,450
Steven Tombs	110,000	-	-	-	-	-	10,450	-	-	-	120,450
Andrea Sutton[b]	61,370	-	-	-	-	-	5,830	-	-	-	67,200
Executives											
Jason Greive[c]	264,286	-	75,000	75,000	-	-	26,546	20,330	24,288	-	485,450
John Tasovac	390,388[a]	-	-	617	26,744	-	25,000	17,245	132,669	(27,628)	565,035
Brendon Shadlow[d]	144,583	1,500	-	483	8,729	-	16,166	18,609	50,600	-	240,670
Total	**1,948,827**	**1,500**	**75,000**	**76,100**	**35,473**	**-**	**143,192**	**118,927**	**533,935**	**(85,528)**	**2,847,426**

(a) Includes salary, superannuation contributions above concessional cap.
(b) Andrea Sutton was appointed as a Non-Executive Director effective on 18 November 2020.
(c) Jason Greive was appointed Chief Operating Officer on 30 November 2020.
(d) Brendon Shadlow was KMP until 30 November 2020. General Manager is no longer categorised as a KMP position upon appointment of the Chief Operating Officer role.
(e) Includes deferred rights to be granted to Mr Greive for FY2021, which will vest immediately and have provisionally been valued at $0.18 (14-day VWAP of Red 5 share price as at 30 June 2021).
(f) Includes service rights granted during FY2020 subject to a 12-month service test, they have been valued at $0.26 (Red 5 share price as at 18 November 2020). No service rights were granted during FY2021.
(g) Relates to performance rights expense for the 2021, 2022 and 2023 series. The fair value at grant date of Tranche A which has market-based performance conditions, was estimated using a Monte Carlo simulation. The fair value at grant date of Tranches B, C and D, which have market and non-market-based performance conditions, were valued using a single share price barrier model incorporating a Monte Carlo simulation.
(h) Performance Rights that were issued to key management personnel, senior management and operating personnel in 2019 have been partially forfeited following the partial achievement of performance conditions measured over the three years ended 30 June 2021 (See section 11.6.2).

2020		Short term						Long term			
Name	Salaries or directors' fees	Expenses/ Allowances	Cash Bonus	Deferred rights[b]	Service rights[c]	Consulting fees	Super-annuation	Annual and long service leave	Performance rights expense[d]	Performance rights forfeited[e]	Total
	$	$	$	$	$	$	$	$	$	$	$
Executive Director											
Mark Williams	577,250[a]	-	208,818	47,191	117,978	-	25,000	45,123	303,427	(88,444)	1,236,343
Non-Executive Directors											
Kevin Dundo	120,000	-	-	-	-	-	11,400	-	-	-	131,400
Ian Macpherson	103,750	-	-	-	-	-	9,856	-	-	-	113,606
Colin Loosemore	95,000	-	-	-	-	-	9,025	-	-	-	104,025
Steven Tombs	91,250	-	-	-	-	16,223	10,210	-	-	-	117,683
Executives											
John Tasovac	380,150[a]	-	52,253	48,037	54,775	-	25,000	11,020	137,135	(50,400)	657,970
Brendon Shadlow	340,000	3,600	40,933	40,691	50,562	-	34,000	16,329	118,504	(31,080)	613,539
Total	**1,707,400**	**3,600**	**302,004**	**135,919**	**223,315**	**16,223**	**124,491**	**72,472**	**559,066**	**(169,924)**	**2,974,566**

(a) Includes salary, superannuation contributions above concessional cap.
(b) Includes deferred rights granted in FY2020 vesting immediately and have provisionally been valued at $0.20 (Red 5 share price as at 30 June 2020) these rights were re-valued upon shareholders' approval at the Annual General Meeting; and deferred rights granted in FY2019 which were trued up from the provisional price of $0.18 (Red 5 share price as at 30 June 2019) to the issue price of $0.30 on 20 November 2019 when approved at the Annual General Meeting.
(c) Includes service rights granted during FY2019 subject to a 12-month service test, they have been valued at $0.30 (Red 5 share price as at 20 November 2019). Service rights granted during FY2020 are subject to a 12-month service test and have not been recognised at 30 June 2020.
(d) Relates to performance rights expense for the 2020, 2021 and 2022 series.
(e) Performance Rights that were issued to key management personnel, senior management and operating personnel in 2018 have been partially forfeited following the partial achievement of performance conditions measured over the three years ended 30 June 2020 (See section 11.6.2)

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

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

11.9 Additional disclosures relating to options, performance rights and shares

11.9.1 Options granted to key management personnel

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

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

11.9.2 Share holdings of key management personnel

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

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

(a) Service and deferred rights that vested after Mr Shadlow ceased to be a KMP on 30 November 2020.
(b) Represents number of shares held by Mr Shadlow on 30 June 2021, noting that he ceased to be a KMP by reporting date.

11.9.3 Shares issued, Service and Deferred Rights

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

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

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

11.9.4 Performance Rights held by key management personnel under the LTI

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

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

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

<table>
<tr><th></th><th colspan="2">Tranche A</th><th colspan="2">Tranche B</th><th colspan="2">Tranche C</th><th>Tranche D</th><th>Total</th></tr>
<tr><td>Total rights</td><td colspan="2">763,052</td><td colspan="2">305,220</td><td colspan="2">305,220</td><td>152,610</td><td>1,526,102</td></tr>
<tr><td>Value per right</td><td colspan="2">$0.188</td><td colspan="2">$0.195</td><td colspan="2">$0.195</td><td>$0.195</td><td></td></tr>
<tr><td>Valuation per tranche</td><td colspan="2">$143,454</td><td colspan="2">$59,518</td><td colspan="2">$59,518</td><td>$29,759</td><td>$292,249</td></tr>
<tr><td rowspan="4">Condition criteria</td><td colspan="2">TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index</td><td colspan="2">Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)</td><td colspan="2">Operating Costs as % of Budgeted Operating Costs</td><td>Safety Compliance</td><td rowspan="5">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.</td></tr>
<tr><td>TSR > Index TSR +20%</td><td>100%</td><td>Stretch: 35%</td><td>100%</td><td>Stretch: 80%</td><td>100%</td><td rowspan="4">All criteria to be met:
- No fatalities
- Maintenance of the ISO14001 and ISO 18001 certifications
- Year on year improvement in safety performance</td></tr>
<tr><td>TSR > Index TSR +10%</td><td>50%</td><td>Target: 20%</td><td>50%</td><td>Target: 90%</td><td>50%</td></tr>
<tr><td>TSR < or equal to Index TSR</td><td>nil</td><td>Threshold: 15%</td><td>25%</td><td>Threshold: 95%</td><td>25%</td></tr>
<tr><td></td><td colspan="2"></td><td>< 15%</td><td>nil</td><td>> 95%</td><td>nil</td></tr>
</table>

(b) Performance Rights 2023 series – Other Key Management Personnel (Expiry date: 30 June 2023)								
	Tranche A		**Tranche B**		**Tranche C**		**Tranche D**	**Total**
Jason Greive	207,592		83,036		83,036		41,518	**415,182**
John Tasovac	299,213		119,685		119,685		59,842	**598,425**
Total rights	**506,805**		**202,721**		$0.179		**101,360**	**810,886**
Value per right	$0.172		$0.179		$0.179		$0.179	
Valuation per tranche	**$87,170**		**$36,287**		**$36,287**		**$18,143**	**$177,887**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - Year on year improvement in safety performance	
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%		
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%		
			< 15%	nil	> 95%	nil		

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

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

(a) In accordance with the terms of the Red 5 Rights Plan, performance rights that were issued to key management personnel, senior management have vested following the partial achievement of performance conditions measured over the three years ended 30 June 2021. Unmet performance conditions have lapsed, as a result these performance rights have been forfeited.

(b) Represents number of performance rights held by Mr Shadlow on 30 June 2021, noting that he ceased to be a KMP on 30 November 2020.

Details of the Performance rights issued previously:

<table>
<tr><th colspan="9">Managing Directors and Executives Performance Rights 2022 series (Expiry date: 30 June 2022)</th></tr>
<tr><th></th><th colspan="2">Tranche A</th><th colspan="2">Tranche B</th><th colspan="2">Tranche C</th><th>Tranche D</th><th>Total</th></tr>
<tr><td>Mark Williams</td><td colspan="2">1,015,028</td><td colspan="2">406,012</td><td colspan="2">406,012</td><td>203,004</td><td>2,030,056</td></tr>
<tr><td>John Tasovac</td><td colspan="2">415,731</td><td colspan="2">166,292</td><td colspan="2">166,292</td><td>83,146</td><td>831,461</td></tr>
<tr><td>Brendon Shadlow</td><td colspan="2">382,023</td><td colspan="2">152,809</td><td colspan="2">152,809</td><td>76,404</td><td>764,045</td></tr>
<tr><td>Total rights</td><td colspan="2">1,812,782</td><td colspan="2">725,113</td><td colspan="2">725,113</td><td>362,554</td><td>3,625,562</td></tr>
<tr><td>Value per right</td><td colspan="2">$0.251</td><td colspan="2">$0.256</td><td colspan="2">$0.256</td><td>$0.256</td><td></td></tr>
<tr><td>Valuation per tranche</td><td colspan="2">$455,008</td><td colspan="2">$185,629</td><td colspan="2">$185,629</td><td>$92,814</td><td>$919,080</td></tr>
<tr><td rowspan="4">Condition criteria</td><td colspan="2">TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index</td><td colspan="2">Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)</td><td colspan="2">Operating Costs as % of Budgeted Operating Costs</td><td>Safety Compliance</td><td rowspan="5">In addition, vesting of the performance rights is also conditional on the following being exceeded:
1. A positive Company TSR for the measurement period; and
2. 80% of budgeted gold production by 30 June 2020.</td></tr>
<tr><td>TSR > Index TSR +20%</td><td>100%</td><td>Stretch: 35%</td><td>100%</td><td>Stretch: 80%</td><td>100%</td><td rowspan="4">All criteria to be met:
- No fatalities
- Maintenance of the ISO14001 and ISO 18001 certifications
- Year on year improvement in safety performance</td></tr>
<tr><td>TSR > Index TSR +10%</td><td>50%</td><td>Target: 20%</td><td>50%</td><td>Target: 90%</td><td>50%</td></tr>
<tr><td>TSR < or equal to Index TSR</td><td>nil</td><td>Threshold: 15%</td><td>25%</td><td>Threshold: 95%</td><td>25%</td></tr>
<tr><td></td><td colspan="2"></td><td>< 15%</td><td>nil</td><td>> 95%</td><td>nil</td></tr>
</table>

End of Audited Remuneration Report

12. NON-AUDIT SERVICES

During the year, Red 5's external auditors, KPMG, have provided other services in addition to their statutory audit function. Non-audit services provided by the external auditors comprised $173,887 (2020: $126,436) for non-audit services. Further details of remuneration of the auditors are set out in Note 25.

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

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

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

13. ENVIRONMENTAL REGULATIONS

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

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the consolidated entity by any government agency during the year ended 30 June 2021.

14. AUDITOR'S INDEPENDENCE DECLARATION

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

15.ROUNDING OFF

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

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
31 August 2021

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

To the Directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Red 5 Limited for the financial year ended 30 June 2021 there have been:

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

31 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

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

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	CONSOLIDATED 30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Cash received from customers		174,677	204,479
Payments to suppliers and employees		(153,921)	(149,298)
Payments for exploration and evaluation		(3,217)	(4,698)
Sundry receipts		547	789
Income tax paid		-	-
Interest received		444	240
Net operating cash flows used in discontinued operation	23(c)	(3,975)	-
Net cash from operating activities	30	**14,555**	**51,512**
Cash flows used in investing activities			
Payments for property, plant equipment and intangibles		(99,643)	(14,322)
Payments for mine development and pre-operational cost		(10,050)	(12,653)
Payments for exploration and evaluation		(7,579)	(21,755)
Payments for bank guarantee relating to King of the Hills project		(21,112)	-
Payments for acquisition of King of the Hills assets		-	(818)
Payments for acquisition of Darlot		-	(5,000)
Net investing cash flows used in discontinued operation	23(c)	(53)	-
Net cash used in investing activities		**(138,437)**	**(54,548)**
Cash flows from financing activities			
Proceeds from issues of shares		60,066	125,000
Payments for share issue transaction costs		(2,102)	(6,610)
Proceeds from borrowings	15	-	20,000
Repayments of borrowings		(12,000)	(8,000)
Payment of facility fee on borrowings		-	(481)
Payments of interest		(379)	(1,260)
Repayment of gold loan		-	(11,079)
Payment for settlement for closure of hedges		(4,774)	-
Payment to restricted cash		(7,500)	-
Payments of lease liabilities		(7,393)	(9,100)
Net cash from financing activities		**25,918**	**108,470**
Net increase in cash and cash equivalents		(97,964)	105,434
Cash at the beginning of the period		116,220	10,647
Effect of exchange rate fluctuations on cash held		(67)	139
Cash held within assets held for sale	23(b)	(774)	-
Cash and cash equivalents at the end of the year	7	**17,415**	**116,220**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 31 August 2021.

2.2 Going concern

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgements

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

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

2.6 Rounding off

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

3. REMOVAL OF PARENT ENTITY FINANCIAL STATEMENTS

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 35.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the consolidated entity.

4.1 Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by the Company as at 30 June 2021 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

4.2 Finance income and expenses

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

4.3 Property, plant and equipment

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

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

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

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

4.4 Intangible assets

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

4.5 Inventories

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

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

4.6 Exploration and evaluation assets

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

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

4.7 Mine properties

Mine development:

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

Post-Production: Costs incurred in developing further areas of the mine are capitalised as part of the mine development costs and are amortised over the productive life of the project on a unit-of-production basis, based on reserves.

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

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

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

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

Mineral rights:

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

Asset retirement obligation:

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

4.8 Impairment

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

Calculation of recoverable amount

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

4.9 Income tax

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

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

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

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

4.10 Financial instruments

Non-derivative financial instruments

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

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

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

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

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

Derivative financial instruments

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

Cashflow hedges

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

4.11 Employee benefits

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

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

4.12 Share based payments

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

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

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

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

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

4.13 Foreign currency

Foreign currency transactions

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

The following significant exchange rates have been applied:

	Average Rate		Year-End Spot Rate	
AUD	**2021**	**2020**	**2021**	**2020**
Philippine Peso	36.17	34.176	36.48	34.22
USD	0.75	0.67	0.75	0.68

Financial statements of foreign operations

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

4.14 Rehabilitation costs

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

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

4.15 Provisions

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

4.16 Earnings per share

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

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

4.17 Business combinations

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

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

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

4.18 Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.20 Discontinued operation
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
– represents a separate major line of business or geographic area of operations;
– is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
– is a subsidiary acquired exclusively with a view to resale.

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

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

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

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

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

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

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

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

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

Rehabilitation and mine closure provisions

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

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

Reserves and resources

The Group determines and reports ore reserves under the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Code ("JORC") as revised December 2012 JORC for underground reserves and the JORC 2012 edition for open pit reserves. The JORC code requires the use of reasonable investment assumptions to calculate reserves. Reserves determined in this way are taken into account in the calculation of depreciation of mining plant and equipment (refer to 4.3), amortisation of capitalised development expenditure (refer to note 0), and impairment relating to these assets.

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

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

Going Concern

A key assumption underlying the preparation of the financial statements is that the Group will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. .

Share based payment transactions

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

Production start date

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

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

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

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

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

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

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

	Consolidated Year ended 30 June 2021 $'000	Consolidated Year ended 30 June 2020 $'000 (restated)
5 REVENUE AND EXPENSES		
(a) Revenue		
Gold and silver sales	189,711	215,946
Realised losses on cashflow hedges	(16,353)	(15,614)
	173,358	**200,332**
(b) Cost of sales		
Operating costs	(147,848)	(128,992)
Depreciation and amortisation	(23,202)	(32,114)
	(171,050)	**(161,106)**
(c) Other income		
Discount forfeited on payment of deferred consideration	-	750
Other income	692	301
	692	**1,051**
(d) Administration and other expenses		
Employee and consultancy expenses	(4,109)	(2,981)
Share-based payments	(1,767)	(1,812)
Corporate costs	(1,457)	(1,477)
Legal fees	(878)	(569)
Depreciation	(291)	(138)
Property and other indirect taxes	(201)	(220)
Acquisition related costs	(176)	(51)
Travel and accommodation	(59)	(453)
Other administration overheads	(634)	(889)
	(9,572)	**(8,590)**
(e) Care and maintenance [(1)]		
Fuel and utilities	(1,026)	-
Other costs	(160)	-
External services	(848)	-
Materials and consumables used	(35)	-
	(2,069)	**-**

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

	Consolidated Year ended	
	30 June 2021 $'000	30 June 2020 $'000 (restated)
(f) Finance income / (expenses)		
Interest income	347	216
Unrealised gains on fuel hedges	-	113
	347	**329**
Interest expense on borrowings and leases	(921)	(1,461)
Amortisation of borrowing costs	(150)	(334)
Unwinding of discount on rehabilitation provision	(161)	(299)
Unrealised loss on fuel hedges	(113)	-
Unwinding of interest on gold loan	-	(196)
Unwinding of discount on deferred consideration on acquisitions	-	(72)
	(1,345)	**(2,362)**
	(998)	**(2,033)**

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

Tax losses and temporary differences not brought to account (tax effected)		
Deductible temporary differences	49,709	47,616
Tax losses	7,017	7,770

Some of the potential deferred tax assets attributable to tax losses and deductable temporary differences have not been brought to account at 30 June 2021. The Directors do not believe it is appropriate to regard realisation of the full deferred tax assets at this point in time because (i) it is not probable that future Australian taxable profits will be available against which the Group can use all the benefits there from or (ii) uncertainty with respect to recoverability in the Philippines.

Movement in deferred tax balances:

	Net balance at 1 July 2020	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 loss carry forward	-	-	10,414	10,414
	4,058	**(8,588)**	**2,997**	**(1,533)**

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

(a) Red 5 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.

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

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

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

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

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

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

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

10 PROPERTY, PLANT AND EQUIPMENT

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

	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 2019	13,121	132,318	1,896	-	1,748	149,083
Recognised on transition to AASB 16 at 1 July 2019	-	-	-	15,908	-	15,908
Additions	-	7,738	30	1,956	6,591	16,315
Disposals	-	(1,140)	-	-	-	(1,140)
Transfer from assets under construction	-	259	-	-	(259)	-
Reclassification to right of use assets	-	(3,214)	-	3,214	-	-
Reclassification of asset retirement obligation and software	-	(2,056)	-	-	(14)	(2,070)
Reclassification to exploration and evaluation assets	-	-	-	-	(976)	(976)
Effect of movements in exchange rates	143	4,582	88	2	116	4,931
Balance at 30 June 2020	**13,264**	**138,487**	**2,014**	**21,080**	**7,206**	**182,051**
Accumulated depreciation						
Balance at 1 July 2020	(6,475)	(73,739)	(1,802)	(9,518)	-	(91,534)
Depreciation for the year	(1,600)	(7,387)	(55)	(5,995)	-	(15,037)
Disposals	-	453	-	71	-	524
Transfer to assets held for sale	2,245	49,591	1,634	35	-	53,505
Balance at 30 June 2021	**(5,830)**	**(31,082)**	**(223)**	**(15,407)**	**-**	**(52,542)**
Balance at 1 July 2019	(4,354)	(66,908)	(1,646)	-	-	(72,908)
Depreciation for the year	(2,023)	(6,513)	(76)	(8,052)	-	(16,664)
Disposals	-	608	-	-	-	608
Reclassification to right of use assets	-	1,465	-	(1,465)	-	-
Reclassification to intangible assets	-	82	-	-	-	82
Effect of movements in exchange rates	(98)	(2,473)	(80)	(1)	-	(2,652)
Balance at 30 June 2020	**(6,475)**	**(73,739)**	**(1,802)**	**(9,518)**	**-**	**(91,534)**
Carrying amounts						
At 1 July 2019	8,767	65,410	250	-	1,748	76,175
At 30 June 2020	6,789	64,748	212	11,562	7,206	90,517
At 30 June 2021	**4,818**	**17,820**	**146**	**11,749**	**102,281**	**136,814**

(a) Property, plant and equipment includes the Darlot 1.0 Mtpa processing plant facility with a net book value of $13.347 million. The Group identified indicators of impairment at year end resulting from the King of the Hills processing hub strategy announced to the market in August 2021, and performed an impairment assessment on this asset. The Group concluded that the value of the asset is recoverable as at 30 June 2021, however the Group also identified that a reasonably possible change in the gold production assumption could cause the carrying amount to exceed the recoverable amount.

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

(c) Includes disposals of old mobile machinery.

11 MINE PROPERTIES

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

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

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

12 EXPLORATION AND EVALUATION ASSETS

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

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

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

13 TRADE AND OTHER PAYABLES

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

14 INCOME TAX PAYABLE

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

15 FINANCIAL LIABILITY

	CONSOLIDATED	
	30 June 2021 $'000	30 June 2020 $'000
Nominal Interest Rate	BBSY bid rate +4.0%	BBSY bid rate +4.5%
Loan Term	69 months	22 months
Carrying Value	-	11,853
Current borrowings	-	11,853
Non-current borrowings	-	-
	-	**11,853**

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

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

The key terms of the project financing facilities include:

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

The first draw-down on the debt facility took place in July 2021.

16 PROVISIONS

	Rehabilitation provision[a]	Documentary stamp duty[b]	Withholding tax	Other provisions[c]	Total
	$'000	$'000	$'000	$'000	$'000
Opening balance	38,914	1,222	504	1,604	42,244
Provisions made	-	-	-	981	981
Provisions utilised	-	-	-	(495)	(495)
Change in rehabilitation estimate	17,423	-	-	-	17,423
Change in rehabilitation variables	(3,626)	-	-	-	(3,626)
Unwinding of discount	178	-	-	-	178
Transferred to liabilities held for sale	(2,206)	(1,222)	-	-	(3,428)
Closing balance	**50,683**	**-**	**504**	**2,090**	**53,277**

(a) **Rehabilitation provision**
Mining activities within the Group are required by law to undertake rehabilitation as part of their ongoing operations. The rehabilitation provision represents the present value of rehabilitation costs, which are expected to be incurred when the rehabilitation work following the cessation of operations is expected to be completed. This provision has been created based on the Group's internal estimates which are reviewed over time as the operation develops. The accretion of the effect of discounting on the provision is recognised as a financial expense. In addition, the rehabilitation obligation has been recognised as an intangible asset and has been amortised over the life of the mines on units of production basis.

(b) **Documentary stamp duty provision:** Provision for documentary stamp duty on cash advances to Philippines subsidiaries.

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

	CONSOLIDATED	
	30 June 2021	30 June 2020
	$'000	$'000
Current	1,116	1,116
Non-current	57,684	41,128
	58,800	**42,244**

17 LEASE LIABILITIES

Lease liabilities include electricity and gas power plants, vehicles and equipment. Lease liabilities expire between September 2021 and December 2024 and bear interest between 4.5% and 7.5%. Ownership of the vehicles and equipment will revert to the Company at the end of the leases at no additional cost. The Company's obligations under the leases are secured by the lessor's title to the leased assets. The fair value of the lease liabilities approximates their carrying values.

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

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

18 EMPLOYEE BENEFITS

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

19 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

20 CONTRIBUTED EQUITY

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

(b) Movements in ordinary share capital

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

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

(c) Other equity

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

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

21 RESERVES

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

(a) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currency is different to the presentation currency of the reporting entity. This will be released to the income statement on the sale of Siana expected in FY 2022.

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

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

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

22 EARNINGS PER SHARE

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

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

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

	CONSOLIDATED	
	2021 Weighted average no. of shares	**2020 Weighted average no. of shares**
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 July	**1,958,845**	**1,243,167**
Effect of shares issued 20 July 2020	706	-
Effect of shares issued 11 September 2020	8,823	-
Effect of shares issued 25 November 2020	196	-
Effect of shares issued 25 March 2021	65,861	-
Effect of shares issued 16 April 2021	27,093	-
Effect of shares issued 16 July 2019	-	1,126
Effect of shares issued 6 December 2019	-	423
Effect of shares issued 3 April 2020	-	41,704
Effect of shares issued 9 April 2020	-	2,617

Effect of shares issued 13 May 2020	-	70,012
Effect of shares issued 27 May 2020	-	743
Weighted average number of ordinary shares at 30 June (basic)	**2,061,524**	**1,359,792**
Weighted-average number of ordinary shares (basic):	2,061,524	1,359,792
Effect of performance rights contingently issuable	-	29,199
Effect of service rights contingently issuable	-	1,267
Weighted average number of ordinary shares at 30 June (diluted)	**2,061,524**	**1,390,258**
Earnings per share (cents per share)		
Basic (loss)/profit per share	**(2.08)**	**0.33**
Diluted (loss)/profit per share	**(2.08)**	**0.32**
Basic (loss)/profit per share – continuing operations	**(0.44)**	**0.78**
Diluted (loss)/profit per share – continuing operations	**(0.44)**	**0.77**

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

23 DISCONTINUED OPERATION

Sale of Siana Gold Mine (Philippines)

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

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

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

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

(a) Results of discontinued operation

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

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

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

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

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

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

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

24 RELATED PARTIES

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

Executive Directors
Mark Williams – Managing Director

Non-Executive Directors
Kevin Dundo
Ian Macpherson
Colin Loosemore
Steve Tombs
Andrea Sutton (appointed 18 November 2020)

Other executives
Jason Greive – Chief Operating Officer (commenced 30 November 2020)
John Tasovac – Chief Financial Officer
Brendan Shadlow – General Manager (KMP until commencement of Chief Operating Officer)

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

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

Loans to key management personnel

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

Transactions with Key Management Personnel and their related parties

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

These transactions were entered on normal commercial terms.

Transactions with related parties in the wholly owned group

During the financial year, unsecured loan advances were made between the parent entity and its controlled entities. All such loans were interest free. Intra-entity loan balances have been eliminated in the financial report of the consolidated entity. The ownership interests in related parties in the wholly owned group are set out in Note 29.

25 REMUNERATION OF THE AUDITOR

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

26 CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED	
	30 June 2021 $'000	30 June 2020 $'000
Capital expenditure commitments		
Contracted but not provided for:		
- not later than one year	83,934	295
	83,934	**295**

Contractual sale commitments		
Sale commitments: [(a)]		
- later than one year but not later than two years	125,072	-
- later than two years but not later than five years	284,952	-
	410,124	**-**
Contractual expenditure commitments		
Non-capital expenditure commitments:		
- not later than one year	5,376	5,146
	5,376	**5,146**
Tenement expenditure commitments:		
- not later than one year	3,310	4,193
- later than one year but not later than two years	2,612	586
	5,922	**4,779**

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

27 CONTINGENT LIABILITIES

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

28 SEGMENT INFORMATION

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

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

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

(ii) Segment Assets	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2021				
Segment assets	**294,099**	**25,623**	**25,763**	**345,485**
Additions to non-current assets:				
Plant and equipment expenditure	105,060	-	1,419	**106,479**
Mine properties	10,050	-	-	**10,050**
Intangible assets	3	-	36	**39**
As at 30 June 2020				
Segment assets	**184,555**	**60,672**	**98,168**	**343,395**
Additions to non-current assets:				
Plant and equipment expenditure	31,657	553	13	**32,223**
Mine properties	12,900	94	-	**12,994**
Intangible assets	222	-	11	**233**

(iii) Segment Liabilities	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2021				
Segment liabilities	**105,688**	**3,940**	**4,981**	**114,609**
As at 30 June 2020				
Segment liabilities	122,511	8,945	15,890	**147,346**

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

29 INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding 2021	Equity holding 2020
			%	%
Bremer Resources Pty Ltd	Australia	Ordinary	100	100
Estuary Resources Pty Ltd	Australia	Ordinary	100	100
Greenstone Resources (WA) Pty Ltd	Australia	Ordinary	100	100
Oakborough Pty Ltd	Australia	Ordinary	100	100
Opus Resources Pty Ltd	Australia	Ordinary	100	100
Red 5 Philippines Pty Ltd	Australia	Ordinary	100	100
Red 5 Mapawa Pty Ltd	Australia	Ordinary	100	100
Red 5 Dayano Pty Ltd	Australia	Ordinary	100	100
Darlot Mining Company Pty Ltd	Australia	Ordinary	100	100
Bremer Binaliw Corporation	Philippines	Ordinary	100	100
Red 5 Mapawa Inc	Philippines	Ordinary	100	100
Red 5 Dayano Inc	Philippines	Ordinary	100	100
Red 5 Asia Inc	Philippines	Ordinary	100	100
Greenstone Resources Corporation [a]	Philippines	Ordinary	40	40
Surigao Holdings and Investments Corporation [a]	Philippines	Ordinary	40	40

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

30 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	30 June 2021 $'000	**30 June 2020 $'000**
Operating (loss)/profit after income tax	**(43,245)**	**4,544**
Impairment of discontinued operation	27,163	-
Amortisation and depreciation	23,493	32,984
Ineffective portion of cashflow hedges	(3,339)	6,353
Deferred tax	(2,997)	6,401
Write-off of long outstanding accounts payables	2,634	-
Share based payment	1,767	1,451
Interest expenses	921	1,463
Non-cash stockpile movements	362	(1,250)
Unwinding of asset retirement obligation	178	316
Amortisation of borrowing costs	150	334
Unrealised exchange gain	(2)	(50)
VAT receivable impairment	-	320
Accrued gold loan interests	-	131
Unwinding deferred consideration	-	72
Change in value of gold loan	-	967
Unrealised gains on fuel hedges	-	(113)
Discount forfeited on payment of deferred consideration	-	(750)
Changes in operating assets and liabilities:		
Decrease/(Increase) in inventories	8,857	(13,593)
Decrease in receivables	1,936	2,921
(Decrease)/increase in payables	(2,134)	8,281
(Decrease)/increase in income tax payable	(1,791)	227
Increase in provisions	602	503
Net cash flow from operating activities	**14,555**	**51,512**

31 SHARE-BASED PAYMENT ARRANGEMENTS

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

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

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

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

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

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

Performance Rights (2023 series) – Managing Director

	Tranche A		Tranche B		Tranche C		Tranche D	Total
Number of performance rights	763,052		305,220		305,220		152,610	**1,526,102**
Value per right	$0.188		$0.195		$0.195		$0.195	
Valuation per tranche	**$143,454**		**$59,518**		**$59,518**		**$29,759**	**$292,249**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; and 2. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - Year on year improvement in safety performance	
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%		
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%		
			< 15%	nil	> 95%	nil		

Performance Rights (2023 series) – Senior Management

	Tranche A		Tranche B		Tranche C		Tranche D	Total
Number of performance rights	3,209,815		1,283,924		1,283,924		641,964	**6,419,627**
Value per right	$0.172		$0.179		$0.179		$0.179	
Valuation per tranche	**$552,088**		**$229,822**		**$229,822**		**$114,912**	**$1,126,645**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)		Operating Costs as % of Budgeted Operating Costs		Safety Compliance	In addition, vesting of the performance rights is also conditional on the following being exceeded: 3. A positive Company TSR for the measurement period; and 4. 90% of budgeted gold production by 30 June 2023.
	TSR > Index TSR +20%	100%	Stretch: 35%	100%	Stretch: 80%	100%	All criteria to be met: - No fatalities - Maintenance of the ISO14001 and ISO 18001 certifications - Year on year improvement in safety performance	
	TSR > Index TSR +10%	50%	Target: 20%	50%	Target: 90%	50%		
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	Threshold: 95%	25%		
			< 15%	nil	> 95%	nil		

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

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

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

<table>
<tr><th colspan="9">Performance Rights (2022 series)</th></tr>
<tr><th></th><th colspan="2">Tranche A</th><th colspan="2">Tranche B</th><th colspan="2">Tranche C</th><th>Tranche D</th><th>Total</th></tr>
<tr><td>Number of performance rights</td><td colspan="2">5,221,017</td><td colspan="2">2,088,403</td><td colspan="2">2,088,406</td><td>1,044,208</td><td>10,442,031</td></tr>
<tr><td>Value per right</td><td colspan="2">$0.251</td><td colspan="2">$0.256</td><td colspan="2">$0.256</td><td>$0.256</td><td></td></tr>
<tr><td>Valuation per tranche</td><td colspan="2">$1,310,475</td><td colspan="2">$534,631</td><td colspan="2">$534,631</td><td>$267,317</td><td>$2,647,055</td></tr>
<tr><td rowspan="5">Condition criteria</td><td colspan="2">TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index</td><td colspan="2">Growth in the Company's Ore Reserves (excluding 50% of acquired Ore Reserves)</td><td colspan="2">Operating Costs as % of Budgeted Operating Costs</td><td>Safety Compliance</td><td rowspan="5">In addition, vesting of the performance rights is also conditional on the following being exceeded:
5. A positive Company TSR for the measurement period; and
6. 80% of budgeted gold production by 30 June 2022.</td></tr>
<tr><td>TSR > Index TSR +20%</td><td>100%</td><td>Stretch: 35%</td><td>100%</td><td>Stretch: 80%</td><td>100%</td><td rowspan="4">All criteria to be met:
- No fatalities
- Maintenance of the ISO14001 and ISO 18001 certifications
- Year on year improvement in safety performance</td></tr>
<tr><td>TSR > Index TSR +10%</td><td>50%</td><td>Target: 20%</td><td>50%</td><td>Target: 90%</td><td>50%</td></tr>
<tr><td>TSR < or equal to Index TSR</td><td>nil</td><td>Threshold: 15%</td><td>25%</td><td>Threshold: 95%</td><td>25%</td></tr>
<tr><td></td><td></td><td>< 15%</td><td>nil</td><td>> 95%</td><td>nil</td></tr>
</table>

Fair Value of Performance Rights

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

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

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

Shares issued, Service and Deferred Rights

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised up to reporting date	Outstanding at 30 June 2020
Deferred rights issued and vested: Jason Greive [(b)]	30-Jun-21	30-Jun-21	$75,000	412,501	-	412,501
Service rights issued and vested: John Tasovac [(a)]	24-Nov-20	30-Jun-21	$26,744	102,861	-	102,861
Deferred rights issued and vested: John Tasovac [(b)]	25-Nov-20	25-Nov-20	$26,744	102,861	(102,861)	-
Service rights issued and vested: Brendon Shadlow [(a)]	24-Nov-20	30-Jun-21	$20,950	80,577	-	80,577
Deferred rights issued and vested: Brendon Shadlow [(b)]	25-Nov-20	25-Nov-20	$20,950	80,577	(80,577)	-

[(a)] Service Rights issued under the Red 5 Limited Rights Plan which vest only if the employee remains employed by the company as at 1 July 2021 (being a period of 1 year after the end of the award measurement period). Both Mr Tasovac and Mr Shadlow were employed on that date and the rights vested on 30 June 2021 and automatically exercised into ordinary shares.
[(b)] Deferred Rights issued under the Red 5 Limited Rights Plan which vest immediately upon issue and automatically exercised into restricted shares which are subject to disposal restrictions until 30 June 2022 for Mr Tasovac and Mr Shadlow and 30 June 2023 for Mr Greive.

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

32 FINANCIAL RISK MANAGEMENT

Overview

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

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

Credit risk

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

Exposure to credit risk

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

	CONSOLIDATED Carrying amount	
	2021 $'000	2020 $'000
Trade and other receivables	9,861	11,797
Cash and cash equivalents	17,415	116,220
Non-current receivables	28,810	257

Liquidity risk

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

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

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

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

Market risk

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

Hedge accounting

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

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

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

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

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

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

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

Sensitivity analysis
A 10 per cent strengthening of the Australian dollar against the United States dollar on the 30 June 2021 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for the prior year.

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

A 10 per cent weakening of the Australian dollar against the above currencies at 30 June 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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

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

	CONSOLIDATED Carrying amount	
	2021 $'000	**2020 $'000**
Cash and cash equivalents	17,415	103,344
Restricted cash	20,500	-
Security deposits	8,306	195
	46,221	**103,539**

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points or decrease of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that in 2021 an average of 0.5% interest rate is in place across all cash balances and that all other variables remain constant. Prior to 2020 the analysis assumed an increase or decrease of 100 basis points in interest rates.

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

Net Fair values

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

Capital management

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

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

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

33 FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities carried at amortised cost approximate their carrying value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest - level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest - level input that is significant to the fair value measurement is unobservable

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

- Derivative Financial Instruments, liability of $nil (30 June 2020: liability of $33.375 million);

34 DEED OF CROSS GUARANTEE

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

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

The subsidiaries subject to the Deed are:

- Opus Resources Pty Ltd
- Darlot Mining Company Pty Ltd

- Greenstone Resources (WA) Pty Ltd

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

A consolidated statement of comprehensive income and a consolidated statement of financial position, comprising of the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2021 is set out as follows:

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

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

35 PARENT ENTITY DISCLOSURES

	PARENT ENTITY	
	30 June 2021 $'000	30 June 2020 $'000
(a) Finance position		
Assets		
Current assets	3,595	93,589
Non-current assets	154,965	308,560
Total assets	**158,559**	**402,149**
Liabilities		
Current liabilities	4,246	200,261
Non-current liabilities	3,497	5,839
Total liabilities	**7,743**	**206,100**
Equity		
Contributed equity	442,626	383,887
Other equity	930	930
Reserves	4,587	(16,337)
Accumulated losses	(297,327)	(172,431)
Total equity	**150,816**	**196,049**
(b) Finance performance		
Profit/(loss) for the year	(64,678)	7,293
Other comprehensive income	20,039	(15,196)
Total comprehensive profit/(loss) for the year	**(44,639)**	**(7,903)**
(c) Financial commitments		
Low value and short term leases:		
- Not later than one year	-	-
Total financial commitments	**-**	**-**

(d) Contingent liabilities

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

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

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

36 SUBSEQUENT EVENTS

Sale of Siana Gold Mine (Philippines)

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

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

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

Project Finance Facility for the KOTH Project

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

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

DIRECTORS' DECLARATION

The Board of Directors of Red 5 Limited declares that:

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

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

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

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

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

The Board of Directors has received the declaration by the Managing Director and Chief Financial Officer required by Section 295A of the Corporations Act 2001, for the year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
31 August 2021

For personal use only

KPMG

Independent Auditor's Report

To the shareholders of Red 5 Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2021
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

Key Audit Matters

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

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

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

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

KPMG

<table>
<tr><th colspan="2">Sales Revenue ($173.358 million)</th></tr>
<tr><td colspan="2">Refer to Note 5(a) 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 and accuracy of sales revenue is a key audit matter due to its significance to the consolidated financial statements combined with the incremental audit effort assessing the application of relevant accounting standards. Gold sales revenue from the Group’s Darlot and King of the Hills (KOTH) operations was the most significant item in the consolidated statement of profit or loss ($173.358 million).

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;

• The application of hedge accounting in accordance with AASB 9 Financial Instruments, in particular, the early termination of the gold forward contracts during the year. The Group engages external experts to prepare hedge documentation and determine hedge ineffectiveness.

• The application of the “own-use” exemption for gold forward contracts entered into as part of a new debt facility.</td><td>Our procedures included:

• We considered the appropriateness of the Group’s accounting policies for the recognition of sales revenue and hedge accounting against the requirements of the accounting standards

• For gold sales recognised during the year we obtained the sales invoice and compared the quantity sold against third party statements from the refinery and cash received in the bank;

• For a sample of sales recorded close to year end, we tested against the recognition criteria of AASB 15 checking control had passed to the customer to the date of the third party statements;

• We compared the Group’s realised cashflow hedging gains and losses to external counterparty statements for gold forward hedges during the year;

• For gold forward contracts terminated early and where production designated against the hedge is expected to occur post 30 June 2021, we checked the recognition of the realised gain related to the effective component in the hedge reserve against the requirements of the accounting standard.

• For new gold forward contracts where “own-use” exemption was applied, we checked the gold forward contracts, compared to the Group’s gold production forecasts and inquired with finance and operational personnel as to the intention to deliver physical gold in those contracts in accordance with the requirements of the accounting standards to apply the own-use exemption; and

• We assessed the scope, objectivity and competence of the Group’s external experts engaged for the preparation of hedge documentation and effectiveness assessment.</td></tr>
</table>

Accounting for Siana Gold Project discontinued operation	
Refer to note 23 to the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**
On 28 July 2021, the Group entered an agreement to sell Greenstone Resources Corporation (GRC), the Group's subsidiary holding the interest in the Siana Gold Project (Siana) in the Philippines. The agreement is subject to a number of conditions including regulatory approvals. The financial results of Siana, including the impairment, are presented as discontinued operations in the Financial Report. The assets and liabilities of Siana are presented as held for sale, resulting in a classification as current. The divestment is considered a key audit matter due to the: • financial significance of Siana to the Group's financial statements; • judgement applied by the Group in the identification of assets and liabilities as held for sale for the disposal group and the presentation of its results as discontinued operations including the impairment loss on disposal. We focussed on the consistency of application of Group's judgements; • judgement involved by the Group in determining the fair value of the asset and liabilities being disposed of, in particular, the determination of the fair value of the sale consideration, given part of the consideration is a royalty based on future gold production at Siana, increasing estimation uncertainty.	Our procedures included: • Reading the relevant transaction documents to understand the key terms and conditions of the divestment; • Checking the consideration for the divestment to the transaction documents and the Group's underlying financial records; • Assessing the Group's identification of assets and liabilities disposed of to the relevant clauses of the transaction document and underlying financial records; • Assessing the exclusion of the royalty on future gold production from the sale consideration to determine the fair value of the asset and liabilities being disposed of and the impairment loss, against the requirements of the accounting standards; • Using our tax specialists, evaluating the associated tax implications of the divestment against the requirements of the Philippines tax legislation; • Assessing the Group's presentation of its discontinued operations including the impairment loss on disposal, against the requirements of the accounting standards; • We recalculated the loss from discontinued operation, including impairment of discontinued operation, against the recorded amount disclosed by the Group. We checked selling costs to underlying documentation such as, invoices and agreements with third parties; • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards including the restatement of Siana as a held for sale and a discontinued operation.

KPMG

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Red 5 Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 9 to 20 of the Directors' report for the year ended 30 June 2021

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

KPMG.

KPMG

R Gambitta
Partner

Perth

31 August 2021