RED 5 LIMITED

ABN 73 068 647 610

AND CONTROLLED ENTITIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CORPORATE DIRECTORY

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

COMPANY SECRETARY
Frank Campagna

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

Telephone: (61 8) 9322 4455
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
Commonwealth Bank of Australia
Macquarie Bank Limited
National Australia Bank Limited

AUDITORS
KPMG

SOLICITORS
HopgoodGanim
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

The Directors of Red 5 Limited ("Red 5" or "parent entity") present their report on the results and state of affairs of Red 5 and its subsidiaries ("the Group" or the "consolidated entity") for the half year ended 31 December 2019.

DIRECTORS

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

Kevin Anthony Dundo
Mark James Williams
Ian Keith Macpherson
John Colin Loosemore
Steve Lloyd Tombs

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

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.

RESULTS OF OPERATIONS

A net profit of the consolidated entity after income tax for the half-year ended 31 December 2019 was $8.240 million (31 December 2018: profit of $3.723 million).

OPERATING REVIEW

During the half-year under review, Red 5 continued delivering steady-state gold production from its Eastern Goldfields gold operations Darlot and King of the Hills (KOTH), generating positive free cashflows from operations.

		Half-year ended	
	Units	31 Dec 2019	31 Dec 2018
Mined tonnes	t	542,579	453,624
Mined grade	g/t	3.63	3.49
Tonnes milled	t	477,079	472,201
Average head grade	g/t	3.64	3.42
Recovery	%	93.2	91.9
Gold recovered	oz	51,995	47,727
Gold operational sales	oz	52,664	34,529
Gold pre-operational sales[a]	oz	-	12,861

[a] Including King of the Hills pre-operational sales from July 2018 to November 2018. Commercial production at King of the Hills commenced on 1 December 2018.

Exploration and Resource Development

Consolidation of the Group's Mineral Resources and Ore Reserves across the operations remains a strong focus for Red 5. The Company's goal is to establish five to ten years of Ore Reserves at Darlot either at or within trucking distance of the Darlot mill as part of its Darlot Mining Hub Strategy. During February 2020 drilling success and mining studies at Darlot Gold Mine have increased Ore Reserves.

In addition to Darlot, the Company is continuing with its Final Feasibility Study regarding the development of a second processing hub at King of the Hills ("KOTH"), which is due in the September Quarter 2020.

Siana Gold Project, Philippines

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

While mining operations remain suspended at Siana, ongoing activities at the site include dewatering of the open pit, infrastructure maintenance and geotechnical monitoring.

Corporate

During the half-year ended 31 December 2019, Red 5 entered into an agreement with Macquarie Bank Limited for the provision of a two-years Working Capital Facility of $20 million. This facility allowed the refinancing, on improved terms of the Gold Loan Facility (5,015 gold ounces) with Asian Investment Management Services Ltd and has strengthened Red 5's balance sheet and operating liquidity.

During this period, the Company also completed payment of the $5.0 million deferred consideration to Gold Fields Limited pursuant to the October 2017 acquisition agreement for the Darlot gold mine. The payment to Gold Fields finalises all obligations of Red 5 to Gold Fields under the acquisition agreement for Darlot.

FINANCIAL REVIEW

(a) Income statement

The Group recorded a net profit for the half-year ended 31 December 2019 of $8.240 million in comparison to a net profit for the half-year ended 31 December 2018 of $3.723 million.

Darlot and King of the Hills recorded a gross profit for the period of $24.145 million (31 December 2018: gross profit of $11.404 million). A combined 52,664 ounces of gold were sold during the half-year, which together with silver sales and hedging adjustments resulted in sales revenue of $105.306 million. Cost of sales for the period of $81.161 million comprised production costs, royalties, movement in stockpiles and depreciation charge. The higher sales and cost of sales during the period is reflective mainly due to full six months of the King of the Hills operations which started commercial production during December 2018, compared to the previous half-year which only had one month of commercial production.

The Company's net profit of $8.240 million for the period was mainly driven by gross profit from operations. This was offset by administrative expenses, exploration expenditure, Siana project care and maintenance expenses, the fair value loss on financial liabilities attributable to high forward gold prices and the ineffective portion of cashflow hedges. Financing expenses included unwinding of the effective interest rate of the gold loan and the Macquarie facility.

(b) Balance sheet

Total assets increased by $30.821 million to $207.968 million from 30 June 2019. The net increase in total assets was mainly driven by the proceeds of the working capital facility with Macquarie Bank Limited, capitalised exploration expenditure for resource drilling, pre-feasibility and final feasibility studies at King of the Hills, a build-up of inventories associated with the Company's steady state production and recognition of the right-of-use assets associated with the change in accounting for leases. Refer to note 1.4 for detail.

Total liabilities were $117.322 million, an increase of $19.554 million from 30 June 2019 primarily from the $20 million drawn down on the working capital facility with Macquarie; offset by the repayment the gold loan facility of 5,015 ounces and the repayment of the deferred consideration relating to the Darlot acquisition. Additionally, with the change in accounting for leases from 1 July 2019, the Company has recognised lease liabilities of $14.787 million at 31 December 2019. Refer to note 1.4 for detail.

(c) Cash flow

During the half-year, cash and cash equivalents increased by $9.658 million.

Free cash inflows from operating activities for the period were $32.688 million. Cash receipts of $110.281 million reflect the sale of gold and associated by-products. This was offset by cash outflows of $77.593 million, driven by full half-year operational costs resulting from the Company's ramp-up to full production and increased exploration expenditure.

Net cash outflows used in investing activities for the period were $26.241 million, reflecting sustaining and growth capital including the Tailings Storage Facility No. 4 construction, development costs at both Darlot and King of the Hills mines, Final Feasibility Study costs and deferred consideration paid associated with the acquisition of Darlot mine.

The net cash from financing activities of $3.211 million reflects the proceeds from the Macquarie working capital facility ($20.0 million) offset by the associated borrowing costs, the repayment of 5,015 ounces of the gold loan facility held with Asian Investment Management Services (AIMSL) and repayments of finance lease liabilities.

EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

There are no subsequent events to reporting date.

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
12 March 2020

KPMG

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

To the Directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Red 5 Limited for the half-year ended 31 December 2019 there have been:

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

12 March 2020

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2019

	Notes	Consolidated Half-year ended 31 December 2019 $'000	31 December 2018 $'000
Sales revenue	2(a)	105,306	70,841
Cost of sales	2(b)	(81,161)	(59,805)
Gross profit		**24,145**	**11,036**
Other income and expenses			
Other income	2(c)	865	541
Administration and other expenses	2(d)	(4,823)	(5,293)
Care and maintenance		(2,972)	(2,843)
Exploration expenditure	9	(2,572)	(2,914)
Financing income		50	22
Financing expenses		(1,108)	(540)
Ineffective portion of cashflow hedges		(3,977)	369
Fair value loss on financial liabilities		(967)	(863)
Total other income and expenses		**(15,504)**	**(11,521)**
Profit/(loss) before income tax expense		**8,641**	**(485)**
Income tax (expense)/benefit		(401)	4,208
Net profit after income tax for the half-year		**8,240**	**3,723**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in foreign currency translation reserve		1,097	3,034
Changes in fair value of cashflow hedges, net of tax		1,184	(4,172)
Total comprehensive profit/(loss) for the half-year		**10,521**	**2,585**
Net profit/(loss) after income tax attributable to:			
Non-controlling interest		20	144
Members of parent entity		8,220	3,579
		8,240	**3,723**
Total comprehensive profit/(loss) attributable to:			
Non-controlling interest		46	216
Members of parent company		10,475	2,369
		10,521	**2,585**
Profit/(loss) per share attributable to shareholders			
Basic profit/(loss) per share (cents per share)	17	**0.66**	0.30
Diluted profit/(loss) per share (cents per share)	17	**0.64**	0.30

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of Financial Position
As at 31 December 2019

	Note	Consolidated 31 December 2019 $'000	Consolidated 30 June 2019 $'000
Assets			
Current Assets			
Cash and cash equivalents	3	20,654	10,647
Trade and other receivables	4	8,099	14,718
Inventories	5	28,625	22,567
Total Current Assets		**57,378**	**47,932**
Non-Current Assets			
Trade and other receivables	4	303	188
Property, plant and equipment	6	90,491	76,175
Intangible assets	7	15,804	19,729
Mine development	8	24,790	23,883
Exploration and evaluation	9	15,061	5,294
Deferred tax asset		4,141	3,946
Total Non-Current Assets		**150,590**	**129,215**
Total Assets		**207,968**	**177,147**
Liabilities			
Current Liabilities			
Trade and other payables	10	36,148	41,441
Financial liability	11	14,663	10,144
Income tax payable		2,668	1,564
Employee benefits	13	3,849	4,393
Derivative Financial Instruments	14	4,110	5,311
Provisions	12	1,116	1,116
Lease liabilities (2018: Finance lease liabilities)		8,274	1,327
Total Current Liabilities		**70,828**	**65,296**
Non-Current Liabilities			
Financial liability	11	5,000	-
Employee benefits	13	126	83
Provisions	12	31,824	31,429
Derivative Financial Instruments	14	3,031	-
Lease liabilities (2018: Finance lease liabilities)		6,513	959
Total Non-Current Liabilities		**46,494**	**32,471**
Total Liabilities		**117,322**	**97,767**
Net Assets		**90,646**	**79,380**
Equity			
Contributed equity	15	260,820	260,515
Other equity		930	930
Reserves	16	25,664	22,969
Accumulated losses		(193,115)	(201,335)
Total Equity Attributable to Equity Holders of the Company		**94,299**	**83,079**
Non-controlling interests		(3,653)	(3,699)
Total Equity		**90,646**	**79,380**

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of Changes in Equity for the half-year ended 31 December 2019

Consolidated half-year ended 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 $'000	Non-controlling interest $'000	Total $'000
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 half-year	-	8,220	-	-	-	-	20	8,240
Other comprehensive (loss)/ income for the period								
Foreign currency translation differences	-	-	-	1,071	-	-	26	1,097
Change in fair value of cash flow hedges, net of tax	-	-	-	-	1,184	-	-	1,184
Total comprehensive income/ (loss) for the period	-	8,220	-	1,071	1,184	-	46	10,521
Issue of deferred and service rights (STI)	-	-	-	-	-	313	-	313
Service and deferred rights (STI) converted to ordinary shares	305	-	-	-	-	(305)	-	-
Share based payments (LTI)	-	-	-	-	-	432	-	432
Balance at 31 December 2019	**260,820**	**(193,115)**	**930**	**26,275**	**(2,214)**	**1,603**	**(3,653)**	**90,646**
Balance at 1 July 2018	260,365	(197,868)	930	20,874	498	435	(3,982)	81,252
Effect of change in accounting standard	-	(197)	-	-	-	-	-	(197)
	260,365	(198,065)	930	20,874	498	435	(3,982)	81,055
Net profit/(loss) for the half-year	-	3,579	-	-	-	-	144	3,723
Other comprehensive (loss)/ income for the period								
Foreign currency translation differences	-	-	-	2,962	-	-	72	3,034
Change in fair value of cash flow hedges, net of tax	-	-	-	-	(3,803)	-	-	(3,803)
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	(370)	-	-	(370)
Total comprehensive income/ (loss) for the period	-	3,579	-	2,962	(4,173)	-	216	2,584
Issue of deferred and service rights (STI)	-	-	-	-	-	192	-	192
Deferred rights (STI) converted to ordinary shares	96	-	-	-	-	(96)	-	-
Vested performance rights (LTI) converted to ordinary shares	68	-	-	-	-	(68)	-	-
Share based payments (LTI)	-	-	-	-	-	370	-	370
Expired performance rights (LTI) transfer from reserves	-	23	-	-	-	(25)	-	(2)
Balance at 31 December 2018	**260,529**	**(194,463)**	**930**	**23,836**	**(3,675)**	**808**	**(3,766)**	**84,199**

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of Cash Flows for the half-year ended 31 December 2019

	Notes	Consolidated Half-year ended 31 December 2019 $'000	31 December 2018 $'000
Cash flows from operating activities			
Cash received from customers		110,281	62,662
Payments to suppliers and employees		(75,140)	(58,674)
Payments for exploration and evaluation		(2,572)	(2,914)
Proceeds from royalty agreements		-	229
Sundry receipts		153	535
Interest received		49	22
Interest paid		(83)	(21)
Net cash from operating activities		**32,688**	**1,839**
Cash flows from investing activities			
Payments for property, plant equipment and intangibles		(5,853)	(2,903)
Payments for mine development and pre-operational cost		(5,439)	(14,483)
Payments for exploration and evaluation		(9,131)	(1,860)
Payments for acquisition of King of the Hills assets		(818)	(4,500)
Payments for acquisition of Darlot		(5,000)	-
Net cash used in investing activities		**(26,241)**	**(23,746)**
Cash flows from financing activities			
Proceeds from borrowings		20,000	8,220
Payments of borrowing costs		(481)	-
Payments of interest		(674)	(270)
Repayment of gold loan		(11,079)	-
Proceeds from sale of royalty		-	11,000
Payments of lease liabilities (2018: payment of finance lease liabilities)		(4,555)	(696)
Net cash from financing activities		**3,211**	**18,254**
Net (decrease)/increase in cash and cash equivalents		9,658	(3,653)
Cash at the beginning of the period		10,647	7,148
Effect of exchange rate fluctuations on cash held		349	(365)
Cash and cash equivalents at the end of the period	3	**20,654**	**3,130**

The accompanying notes form part of these interim financial statements.

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting Entity

Red 5 Limited ("parent entity") is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Condensed Interim Consolidated Financial Report for the half-year ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group is primarily involved in the exploration and mining of gold.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2019 are available upon request from the Company's registered office at Level 2, 35 Ventnor Avenue, West Perth, Western Australia.

The condensed interim consolidated half-year financial report was authorised for issue by the parent entity's Board of Directors on 12 March 2020.

1.2 Basis of Preparation of the half-year report

The Condensed Interim Consolidated Financial Report for the half-year ended 31 December 2019 is a general purpose financial report and has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial report as at and for the year ended 30 June 2019. The condensed consolidated half year financial report does not include full note disclosure of the type that would normally be included in the consolidated annual financial report and should be read in conjunction with the consolidated annual financial report as at and for the year ended 30 June 2019. The condensed consolidated half year financial report should also be read in conjunction with any public announcements made by Red 5 Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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

The accounting policies applied by the Group in these Condensed Interim Consolidated Financial Statements are consistent with those applied by the Group in its consolidated annual financial statements as at and for the financial year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019, described below.

1.3 Use of estimates and judgements

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

The significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the new significant judgements related to lessee accounting under AASB 16, which are described in note 1.4.

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

The Group's principal cash flow generating assets are the Darlot Gold Project and King of the Hills located in Western Australia. In addition, the Group also has the Siana Gold project located in the Philippines where mining operations remain in suspension.

At 31 December 2019 the Group's negative working capital of $13.450 million (30 June 2019: negative working capital of $17.364 million) comprised; current assets of $57.378 million and current liabilities of $70.828 million including trade and other payables ($36.148 million) working capital facility ($14.663 million), finance lease liabilities ($8.274 million); hedging liabilities at fair value ($4.110 million) and employee benefits of $3.849 million relating mainly to annual leave payable over the year and income tax provisions of $2.668 million.

At 31 December 2019, there was an improvement in working capital as a result of a steady-state gold production at Darlot and King of the Hills gold mines throughout the half-year, combined with a higher gold price lead to the generation of free cashflows from operations. During August 2019, Red 5 entered into an agreement with Macquarie Bank Limited for the provision of a $20 million Working Capital Facility. This facility allowed the refinancing, on improved terms of the Gold Loan Facility with Asian Investment Management Services Ltd and has strengthened Red 5's balance sheet and operating liquidity. During the same period, Red 5 also completed payment of the $5.0 million deferred consideration to Gold Fields Limited pursuant to the acquisition agreement for the Darlot gold mine.

Management has prepared a cash flow forecast for the next twelve months which anticipates the Group is able to pay its debts as and when they fall due during that period. Key assumptions in the cashflow forecast include:
- Continued suspension of mining operations at the Siana Gold Project;
- Forecast gold production is expected to continue as the King of the Hills operations mature, and steady levels of production are expected at Darlot;
- Positive cashflows generated from the Darlot Gold Mine and King of the Hills Gold Projects;
- Scheduled repayments of working capital facility.

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

- The Darlot Gold Mine and King of the Hills Gold Project are expected to continue providing steady gold production, and positive cash flow generation for the Company;
- The Group has the ability to raise additional funding through debt or equity or a combination of both, should it be required;

Notwithstanding the risks associated with the key assumptions noted above, the Directors are confident that the Group has sufficient working capital for at least a year from the date this consolidated interim half-year financial report is approved.

1.4 New and revised Standards and Interpretations

A number of new or amended standards became applicable for the current reporting period and the Group changed its accounting policies as a result of adopting the following standards:

- **AASB 16 Leases**

The impact of the adoption of these standards is included below.

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

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

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

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

AASB 16 Leases – Summary of new accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. REVENUE AND EXPENSES

	Consolidated Half-year ended	
	31 December 2019 $'000	31 December 2018 $'000
(a) Revenue		
Gold and silver sales	114,298	69,614
Realised gains of cash flow hedges	(8,992)	1,227
	105,306	**70,841**
(b) Cost of sales		
Operating costs	(64,153)	(49,299)
Depreciation and amortisation mine assets	(17,008)	(10,506)
	(81,161)	**(59,805)**
(c) Other income		
Discount forfeited on payment of deferred consideration	750	-
Other income	115	541
	865	**541**
(d) Administration and other expenses		
Other employee and consultancy expenses	(1,270)	(1,101)
Share based-payments expense	(656)	(370)
Legal fees	(458)	(222)
Indirect tax expenses	(407)	(328)
Travel expense	(309)	(184)
Investor relations	(246)	(188)
Regulatory expenses	(240)	(151)
Amortised borrowing costs	(139)	-
Insurance expenses	(131)	(110)
Superannuation contributions	(100)	(90)
Occupancy costs	(97)	(103)
Depreciation	(69)	(675)
Acquisition related costs	(3)	(1,297)
Foreign exchange gain/(loss)	31	1
Other expenses	(729)	(475)
	(4,823)	**(5,293)**

3. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
Cash at bank	20,653	10,646
Cash on hand	1	1
	20,654	**10,647**

4. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2019 $'000	**30 June 2019 $'000**
Current assets		
Trade debtors [(a)]	5,707	11,384
Prepayments	1,024	2,530
GST receivable	1,110	494
Sundry debtors	256	308
Interest receivable	2	2
	8,099	**14,718**
Non-current assets		
VAT receivable	39	3
Security deposits	264	185
	303	**188**

[(a)] Trade debtors includes amounts receivable for 2,275 ounces sold on 31 December 2019, equivalent to $4.945 million (30 June 2019: 5,109 ounces equivalent to $10.288 million). The remainder includes the metal account in the Philippines.

5. INVENTORIES

	Consolidated	
	31 December 2019 $'000	**30 June 2019 $'000**
Run of mine stockpiles at net realisable value	7,787	4,023
Crushed ore stockpile at net realisable value	1,950	581
Gold in circuit at net realisable value	6,509	3,823
Gold Bullion at net realisable value	172	1,653
Stores, spares and consumables at cost	12,207	12,487
	28,625	**22,567**

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. At half-year end the net realisable value adjustment was Nil (30 June 2019: $3.880 million), which was included in the operating cost in the statement of profit or loss and other comprehensive income.

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Fixtures and fittings	Right of use assets	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Balance at 1 July 2019	13,121	132,318	1,896	-	1,748	149,083
Recognised upon transition to AASB 16 at 1 July 2019	-	-	-	15,908	-	15,908
Additions[(a)]	-	407	-	1,000	5,888	7,295
Disposals[(b)]	-	(20)	-	-	-	(20)
Transfer to right-of-use assets		(3,214)	-	3,214	-	-
Transfer capitalised feasibility study costs to exploration	-	-	-	-	(976)	(976)
Effect of movements in exchange rates	59	1,936	36	-	41	2,072
Balance at 31 December 2019	**13,180**	**131,427**	**1,932**	**20,122**	**6,701**	**173,362**
Balance at 1 July 2018	12,844	117,683	2,084	-	2,989	135,600
Additions	49	4,657	-	-	1,523	6,229
Disposals[(a)]	-	-	-	-	(127)	(127)
Transfer from assets under construction	-	2,612	49	-	(2,661)	-
Reclassification to intangible assets	-	(118)	(377)	-	(144)	(639)
Effect of movements in exchange rates	228	7,484	140	-	168	8,020
Balance at 30 June 2019	**13,121**	**132,318**	**1,896**	**-**	**1,748**	**149,083**
Accumulated depreciation						
Balance at 1 July 2019	4,354	66,909	1,646	-	-	72,909
Depreciation for the period	1,018	4,069	32	3,761	-	8,880
Disposals[(b)]	-	(12)	-	-	-	(12)
Transfer to right-of-use assets	-	(1,465)	-	1,465	-	-
Effect of movements in exchange rates	40	1,021	33	-	-	1,094
Balance at 31 December 2019	**5,412**	**70,522**	**1,711**	**5,226**	**-**	**82,871**
Balance at 1 July 2018	2,207	52,910	1,503	-	-	56,620
Depreciation for the year	2,000	10,094	81	-	-	12,175
Reclassification to intangible assets	-	(36)	(62)	-	-	(98)
Effect of movements in exchange rates	147	3,941	124	-	-	4,212
Balance at 30 June 2019	**4,354**	**66,909**	**1,646**	**-**	**-**	**72,909**
Carrying amounts						
At 1 July 2018	10,637	64,773	581	-	2,989	78,980
At 30 June 2019	8,767	65,409	250	-	1,748	76,174
At 31 December 2019	**7,768**	**60,904**	**221**	**14,896**	**6,701**	**90,491**

(a) During the half-year ended 31 December 2019 additions included, sustaining capital and tailing storage facility improvements.
(b) Includes assets under construction at the Siana project written off.

7. INTANGIBLE ASSETS

	Mineral Rights and Asset Retirement Obligation	Software	Total
	$'000	$'000	$'000
Cost			
Balance at 1 July 2019	30,357	1,768	32,125
Additions	-	2	2
Balance at 31 December 2019	**30,357**	**1,770**	**32,127**
Balance at 1 July 2018	31,267	948	32,215
Additions	-	299	299
Reclassification from property, plant and equipment	118	377	495
Reclassification from assets under construction	-	144	144
Asset retirement obligation change in estimate	(1,028)	-	(1,028)
Balance at 30 June 2019	**30,357**	**1,768**	**32,125**
Accumulated depreciation			
Balance at 1 July 2019	11,793	603	12,396
Amortisation	3,636	291	3,927
Balance at 31 December 2019	**15,429**	**894**	**16,323**
Balance at 1 July 2018	1,472	20	1,492
Amortisation	10,285	521	10,806
Reclassification from property, plant and equipment	36	62	98
Balance at 30 June 2019	**11,793**	**603**	**12,396**
Carrying amounts			
At 1 July 2018	29,795	928	30,723
At 30 June 2019	18,564	1,165	19,729
At 31 December 2019	**14,928**	**876**	**15,804**

8. MINE DEVELOPMENT

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
(a) Mine Development		
Opening balance	143,990	113,512
Development expenditure incurred in current period [1]	5,439	21,397
Foreign currency translation adjustment	2,349	9,081
Closing Balance	**151,778**	**143,990**
Accumulated amortisation		
Opening balance	120,107	97,172
Amortisation for the period	4,635	14,251
Foreign currency translation adjustment	2,246	8,684
Closing balance	**126,988**	**120,107**
Mine development net book value	**24,790**	**23,883**
(b) Deferred mining waste costs		
Opening balance	69,501	63,574
Foreign currency translation adjustment	1,533	5,927
Closing balance	**71,034**	**69,501**
Accumulated amortisation		
Opening balance	69,501	63,574
Amortisation for the period	-	-
Foreign currency translation adjustment	1,533	5,927
Closing balance	**71,034**	**69,501**
Deferred mining waste costs net book value	-	-
Total mine development net book value	**24,790**	**23,883**

[1] Prior year includes King of the Hills mine development expenditure which has been offset by pre-operational sales of $21.530 million and $7.841 million of processing costs up to 1 December 2018 when commercial production commenced.

9. EXPLORATION AND EVALUATION

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
Opening balance	5,294	-
Exploration and evaluation expenditure incurred in current period	11,363	8,584
Transfer capitalised feasibility study costs to exploration	976	-
Exploration expenditure transferred to profit or loss	(2,572)	(3,290)
Closing Balance	**15,061**	**5,294**

10. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
Current		
Creditors and accruals	32,083	29,980
Deferred considerations relating to acquisitions	-	5,678
Royalties and other indirect taxes	1,957	2,202
Insurance payable	-	651
Other creditors	2,108	2,930
	36,148	**41,441**

11. FINANCIAL LIABILITY

	(i) Macquarie working capital facility	(ii) Gold loan facility
	31 December 2019 $'000	30 June 2019 $'000
Nominal Interest Rate	BBSY bid rate + 4.5%	12%
Loan Term	22 months	12 months
Carrying Value	**19,663**	10,143
Current borrowings	14,663	10,143
Non-current borrowings	5,000	-
	19,663	**10,143**

(i) During August 2019 the company entered into working capital facility agreement of $20.0 million with Macquarie Bank Limited at a rate of the month-end BBSY 1 month rate plus 4.5%. Interest on the loan is payable monthly in arrears during the term of the loan. Borrowing costs of $0.481 million to secure this funding have been offset against the principal borrowings amount and are amortised using the effective interest rate method. The interest expense for the period was $0.454 million.

(ii) During September 2018, the Company entered into a gold loan facility of 5,015 gold ounces with a Malaysian-based fund, Asian Investment Management Services Ltd (AIMSL). The facility had a 12-month term repayable at maturity and attracts quarterly interest gold payments secured by a security interest in the Company's operating subsidiary companies on a limited recourse basis. The effective interest rate of the gold loan facility was 16.1% which was derived by the movement in the forward gold price at inception. The subsequent fair value measurement of the facility is dependent on forward commodity prices. The loan was classified at amortised cost and the embedded derivative relating to the forward prices of the loan has been recorded at fair value through profit or loss. On 22 August 2019 the principle and final interest obligation was repaid.

12. PROVISIONS

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
Provision for rehabilitation	29,888	29,320
MCC final acquisition[a]	1,116	1,116
Documentary stamp duty[b]	1,098	1,075
Withholding tax	504	504
Other provisions	334	530
	32,940	**32,545**
Current	1,116	1,116
Non-current	31,824	31,429
	32,940	**32,545**

[a] Provision for expected tax liability arising from the acquisition of Merrill Crow Corporation's (MCC) holding of Siana Gold Project in 2010.
[b] Provision for documentary stamp duty on cash advances to Philippines subsidiaries.

13. EMPLOYEE BENEFITS

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
Provision for employee entitlements		
Opening balance	4,476	5,568
(Decrease) / increase in provision during the period	(501)	(1,092)
Closing balance	**3,975**	**4,476**
Current	3,849	4,393
Non-current	126	83
	3,975	**4,476**

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
Opening balance	(5,311)	762
Change in fair value of cashflow hedges	(1,830)	(6,073)
Closing balance	**(7,141)**	**(5,311)**
Current	(4,110)	(5,311)
Non-current	(3,031)	-
	(7,141)	**(5,311)**

Forward contracts designated as hedges
As at 31 December 2019, the Group had a net hedge liability position reflecting the negative mark-to-market value of gold contracts. As at 31 December 2019 metal hedges comprise forward contracts for 81,000 ounces of gold at an average price of price of $2,095 per ounce for the period March 2020 to June 2021.

15. CONTRIBUTED EQUITY

(a) Share capital

	Consolidated	
	31 December 2019 $'000	30 June 2019 $'000
1,245,085,286 (30 June 2019: 1,243,166,958) ordinary fully paid shares	**260,820**	**260,515**

(b) Movements in ordinary share capital

	Consolidated		Consolidated	
	31 December 2019		30 June 2019	
	Thousand shares	$'000	Thousand shares	$'000
On issue 1 July	1,243,167	260,515	1,240,693	260,365
Performance rights vested and converted to shares	-	-	1,300	68
Service rights vested and converted to shares	1,174	82	-	-
Deferred rights vested and converted to shares	744	223	1,174	82
On issue at 31 December	**1,245,085**	**260,820**	**1,243,167**	**260,515**

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.

16. RESERVES

	Consolidated	
	31 December 2019 $'000	**30 June 2019 $'000**
Foreign currency translation reserve	26,275	25,204
Defined retirement benefit	106	106
Share-based payment reserve	1,497	1,057
Hedging reserve	(2,214)	(3,398)
	25,664	**22,969**

17. EARNINGS PER SHARE

	Half-year ended	
	31 December 2019	**31 December 2018**
Net profit/(loss) after income tax (A$'000)	$8,220	$3,723
(i) Weighted-average number of ordinary shares (basic):		
Opening issued ordinary shares ('000)	1,243,167	1,240,693
Effect of shares issued 16 July 2019	1,072	-
Effect of shares issued 6 December 2019	105	-
Effect of shares issued 31 July 2018	-	1,088
Effect of shares issued 7 December 2018	-	160
Weighted average number of ordinary shares at 31 December (basic)	**1,244,344**	**1,241,941**
(ii) Weighted-average number of ordinary shares (basic):	1,244,344	1,241,941
Effect of performance rights contingently issuable	32,806	18,853
Effect of service rights contingently issuable	744	1,174
Weighted average number of ordinary shares at 31 December (diluted)	**1,277,894**	**1,261,968**
Basic profit/(loss) per share (cents per share)	**0.66**	**0.30**
Diluted profit/(loss) per share (cents per share)	**0.64**	**0.30**

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

18. CONTINGENT LIABILITIES

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

19. SEGMENT INFORMATION

The Group is managed primarily on the basis of its production, development and exploration assets in both Australia and the Philippines. Operating segments are therefore determined on the same basis.

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

	Australia (1)	Philippines	Other (2)	Total
(i) Segment performance	**$'000**	**$'000**	**$'000**	**$'000**
Half-year ended 31 December 2019				
Revenues	105,306	-	-	**105,306**
Segment result before tax	21,072	(3,065)	(9,366)	**8,641**
(ii) Segment position				
As at 31 December 2019				
Segment assets	129,937	59,712	18,319	**207,968**
Segment liabilities	85,841	8,059	23,422	**117,322**

	Australia (1)	Philippines	Other (2)	Total
(i) Segment performance	**$'000**	**$'000**	**$'000**	**$'000**
Half-year ended 31 December 2018				
Revenues	69,245	-	1,596	**70,841**
Segment result before tax	6,766	(3,761)	(3,490)	**(485)**
(ii) Segment position				
As at 30 June 2019				
Segment assets	113,350	58,966	4,831	**177,147**
Segment liabilities	65,218	8,282	24,267	**97,767**

(1) Australia segment consists of the Darlot Mining Company Pty Ltd and the King of the Hills gold project.
(2) Includes corporate costs of the group and inter-company transactions. The segment liability in the previous year included the deferred consideration payable to the sellers relating to the acquisitions of Darlot project.

20. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding 2019	2018
			%	%
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
Red5 Mapawa Inc	Philippines	Ordinary	100	100
Red5 Dayano Inc	Philippines	Ordinary	100	100
Red 5 Asia Inc	Philippines	Ordinary	100	100
Greenstone Resources Corporation (1)	Philippines	Ordinary	40	40
Surigao Holdings and Investments Corporation (1)	Philippines	Ordinary	40	40

[1] 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.

21. SHARE-BASED PAYMENT ARRANGEMENTS

Performance rights granted during the half-year ended 31 December 2019

Performance rights were granted to the Managing Director and to Senior Management during the period. The rights are split into four tranches based on different performance conditions measured over a period commencing 1 July 2019 to the vesting date which is 30 June 2022 if the conditions are met.

Details of the performance rights 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">1,812,782</td><td colspan="2">725,112</td><td colspan="2">725,112</td><td>362,556</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</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>

Fair Value of Performance Rights

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

The table below summarises the terms and conditions of the grant and the assumptions used in estimating fair value:

	Performance rights 2022 series
Model Inputs	
Grant date	20 November 2019
Value of the underlying security at grant date	$0.30
Exercise price	nil
Dividend yield	nil
Risk free rate	0.71%
Volatility	70%
Performance period (years)	3.00
Commencement of measurement period	1 July 2019
Vesting date	30 June 2022
Remaining performance period (years)	2.61
Weighted average fair value per option	$0.254
No. performance rights	3,625,562
Total Valuation	$919,080

The following unvested performance rights were outstanding:

	Consolidated	
	31 December 2019 Number	30 June 2019 Number
Balance at the start of the period	33,560,099	18,243,200
Granted during the period	3,625,562	17,916,899
Vested during the period	-	(1,300,000)
Expired during the period	-	(1,300,000)
Balance at the end of the period	**37,185,661**	**33,560,099**

Share-based payments expense for the half-year ended 31 December 2019 in relation to the performance rights was $432,943 (30 June 2019: $317,465).

Shares issued, Service and Deferred Rights

	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised	Outstanding 31 Dec 2019
Managing Director and Senior Management Service Rights	6-Dec-18	16-Jul-19	$82,177	1,173,953	(1,173,953)	-
Managing Director and Senior Management Service Rights	20-Nov-19	1-Jul-20	$223,314	744,381	-	744,381
Managing Director and Senior Management Deferred Rights (1)	20-Nov-19	6-Dec-19	$223,314	744,381	(744,381)	-

(1) Deferred Rights issued under the Red 5 Limited Rights Plan which vest immediately upon issue and automatically exercised into restricted shares which are subject to disposal restrictions until 30 June 2020.

Share based payments expense for the shares issued, service and deferred rights was $312,943 (2018: $298,040). The fair value is based on observable market share price at the date of grant.

22. SUBSEQUENT EVENTS

There are no subsequent events to reporting date.

DIRECTORS' DECLARATION

In the opinion of the Directors of Red 5 Limited:

1. the condensed interim consolidated financial statements and notes set out on page 6 to 24 are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Kevin Dundo
Chairman

Perth, Western Australia
12 March 2020

KPMG

Independent Auditor's Review Report

To the shareholders of Red 5 Limited

Report on the Condensed Interim Consolidated Financial Report

Conclusion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2019 and of its performance for the Interim ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed interim consolidated statement of financial position as at 31 December 2019
- Condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the Interim ended on that date
- Notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

Responsibilities of the Directors for the Condensed Interim Consolidated Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Condensed Interim Consolidated Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Interim Consolidated Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the Interim ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Red 5 Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner
Perth
12 March 2020