



RED 5 LIMITED

ABN 73 068 647 610

AND CONTROLLED ENTITIES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT
INCORPORATING APPENDIX 4D**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

APPENDIX 4D**Reporting Period**

The reporting period is the half-year ended 31 December 2020. The previous corresponding period is 31 December 2019.

All amounts are in Australian Dollars, unless otherwise stated.

Results for announcement to the market

	%	31 December 2020
	change	A\$000
Revenue from ordinary activities	Down 7% to	97,715
Loss from ordinary activities after tax	Not applicable	(1,775)
Net loss after tax attributable to members	Not applicable	(1,775)

No dividend was paid or proposed during the half-year ended 31 December 2020 (half-year ended 31 December 2019: Nil).

The Group achieved a gross profit for the period of \$6.85 million (31 December 2019: \$24.14 million) and a net loss for the period of \$1.78 million (31 December 2019: net profit of \$8.24 million). Sales generated comprised 42,344 ounces of gold, contributing to gross sales of \$110.96 million, offset by realised losses of cashflow hedges of \$13.24 million. Cost of sales of \$90.86 million comprised production costs, royalties, movement in stockpiles and depreciation charge. General and administrative expenses, financial expenses, income tax and other expenses reduced the gross profit to a net loss of \$1.78 million for the half-year ended 31 December 2020.

Net tangible assets

The net tangible assets per ordinary share for the half-year ended 31 December 2020 was \$0.09 (30 June 2020: \$0.09).

Investments in controlled entities

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

Investments in associates and joint ventures

Red 5 Limited does not have any interests in associates or joint venture entities as at 31 December 2020.

Half Year Review and accounting standards

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

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)
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

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

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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 2020.

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
Andrea 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.

PRINCIPAL ACTIVITIES

The principal activities of Red 5 during the financial period were gold mining and mineral exploration.

RESULTS OF OPERATIONS

A net loss of the consolidated entity after income tax for the half-year ended 31 December 2020 was \$1.775 million (31 December 2019: profit of \$8.240 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.

	Units	Half-year ended	
		31 Dec 2020	31 Dec 2019
Mined tonnes	t	549,434	542,579
Mined grade	g/t	2.64	3.63
Tonnes milled	t	522,532	477,079
Average head grade	g/t	2.73	3.64
Recovery	%	91.0	93.2
Gold recovered	oz	41,817	51,995
Gold operational sales	oz	42,344	52,664

King of the Hills (KOTH) Development

The final feasibility study (FFS) for the stand-alone integrated bulk open pit and underground mining processing operation at Kind of the Hills was completed and approved by the Board of Directors in September 2020. The FFS delivered a 2.4 million ounce ore reserve, underpinning a 16-year mine life (as announced to the market on 15 September 2020).

The EPC (Engineering, Procurement and Processing) contract for the processing plant construction was awarded to MACA Interquip. The EPC contract, which encompasses the KOTH processing facility, equipping of the bore fields, high voltage power distribution, workshop, warehouse and bulk earthworks, will be undertaken as a fixed-price contract. Following approval of the Mining Proposal by DMIRS, MACA Interquip, mobilised to site in December 2020 and commenced earthworks in the process plant area.

Exploration and Resource Development

Regional surface exploration programs continued at the Darlot Gold Mine throughout the half-year targeting a number of key satellite deposits and prospect areas. The objective of the current phase of exploration is to support the Company's Darlot Mining Hub strategy, which is aimed at establishing Darlot as a second long-life gold production hub in the Eastern Goldfields alongside the 16-year Life of Mine King of the Hills Gold Project.

Red 5 has an extensive exploration commitment at Darlot, with over 35,000m of diamond and RC drilling planned during the financial year across multiple near-mine and regional prospects, aimed at increasing existing Resources and making new discoveries to support the Darlot Mining Hub strategy.

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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, the Company made an addition to the Company's Board, with the appointment of Ms Andrea Sutton as an Independent Non-Executive Director on 18 November 2020.

During the half-year ended 31 December 2020, Red 5's Australian Stock Exchange classification changed from a "Mining Exploration Entity" to a "Mining Producing Entity".

The company made repayments of the working capital facility with Macquarie Bank Limited amounting to \$7.0 million during the period. The remaining balance of \$5.0 million will be fully repaid by 30 June 2021.

In November 2020 Red 5 entered into a new rental agreement to extend the lease of its head-office in Perth for a further five years. This provided an opportunity to increase and modernise the office space.

Red 5 confirms that all the material assumptions underpinning the Final Feasibility Study production targets on the King of the Hills project (see ASX release dated 15 September 2020), or the forecast financial information derived from a production target, in the initial public reports continue to apply and have not materially changed.

FINANCIAL REVIEW

(a) Income statement

The Group recorded a net loss for the half-year ended 31 December 2020 of \$1.775 million in comparison to a net profit for the half-year ended 31 December 2019 of \$8.240 million.

Darlot and King of the Hills recorded a gross profit for the period of \$6.852 million (31 December 2019: gross profit of \$24.145 million). A combined 42,344 ounces of gold were sold during the half-year, which together with silver sales and hedging adjustments resulted in net sales revenue of \$97.715 million. Cost of sales for the period of \$90.863 million comprised production costs, royalties, movement in stockpiles and depreciation charge. The lower gross profit is due to lower ounces of gold sold during the period and a lower average head grade associated from mining in remnant areas.

The Group's net loss of \$1.775 million for the period was mainly driven by the lower gross profit from operations.

(b) Balance sheet

Total assets decreased by \$18.124 million to \$325.271 million from 30 June 2020. The net decrease in total assets was mainly driven by cash used to repay financial and lease liabilities, depreciation of operating assets, the decrease in inventory stockpile levels and a reduction in deferred tax asset mainly on movements in the derivative financial instruments. This was partially offset by increased property, plant and equipment, which includes capitalised King of the Hills plant construction costs, and exploration costs relating to Darlot satellite deposits, which includes the Great Western and Cables & Mission deposits.

Total liabilities were \$121.406 million, a decrease of \$25.940 million from 30 June 2020 primarily from the reduction in derivative financial instruments as the Company continues to deliver into its hedging contracts, this combined with a lower gold forward price. In addition, repayments of \$7 million of the working capital facility with Macquarie Bank were made.

(c) Cash flow

During the half-year, cash and cash equivalents decreased by \$23.371 million.

Free cash inflows from operating activities for the period were \$17.079 million. Cash receipts of \$97.060 million reflect the sale of gold and associated by-products. This was offset by other net operating cash outflows of \$79.981 million, driven by higher payments to suppliers and employees resulting from increased operational costs.

Net cash outflows used in investing activities for the period were \$28.448 million, reflecting sustaining and growth capital including King of the Hills plant construction, development costs at Darlot mine and King of the Hills, and exploration and evaluation costs at Darlot and Darlot's satellite deposits of Great Western and Cables & Mission.

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The cash outflows from financing activities of \$11.933 million reflects repayments of the Macquarie working capital facility of \$7.000 million and repayments of finance lease liabilities.

EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

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

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Kevin Dundo
Chairman

Perth, Western Australia
24 February 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 review of Red 5 Limited for the Half-year ended 31 December 2020 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

24 February 2021

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020

	Notes	Consolidated Half-year ended	
		31 December 2020 \$'000	31 December 2019 \$'000
Sales revenue	2(a)	97,715	105,306
Cost of sales	2(b)	(90,863)	(81,161)
Gross profit		6,852	24,145
Other income and expenses			
Other income	2(c)	561	865
Administration and other expenses	2(d)	(5,135)	(4,684)
Care and maintenance		(2,142)	(2,972)
Exploration expenditure	9	(1,901)	(2,572)
Financing income	2(e)	285	50
Financing expenses	2(e)	(846)	(1,247)
Ineffective portion of cashflow hedges		(9)	(3,977)
Fair value loss on financial liabilities		-	(967)
Total other income and expenses		(9,187)	(15,504)
(Loss)/profit before income tax expense		(2,335)	8,641
Income tax benefit/(expense)		560	(401)
Net (loss)/profit after income tax for the half-year		(1,775)	8,240
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in foreign currency translation reserve		(3,069)	1,097
Changes in fair value of cashflow hedges, net of tax		13,252	(2,337)
Ineffective portion of cashflow hedges		(1,377)	3,521
Total comprehensive profit for the half-year		7,031	10,521
Net (loss)/profit after income tax attributable to:			
Non-controlling interest		(251)	20
Members of parent entity		(1,524)	8,220
		(1,775)	8,240
Total comprehensive profit attributable to:			
Non-controlling interest		(325)	46
Members of parent company		7,356	10,475
		7,031	10,521
(Loss)/profit per share attributable to shareholders			
Basic (loss)/profit per share (cents per share)	17	(0.08)	0.66
Diluted (loss)/profit per share (cents per share)	17	(0.08)	0.64

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of Financial Position
As at 31 December 2020

		Consolidated	
	Note	31 December 2020	30 June 2020
		\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	3	92,849	116,220
Trade and other receivables	4	8,232	11,797
Inventories	5	34,504	36,160
Total Current Assets		135,585	164,177
Non-Current Assets			
Trade and other receivables	4	272	257
Property, plant and equipment	6	98,852	90,517
Intangible assets	7	22,167	24,310
Mine development	8	27,853	27,715
Exploration and evaluation assets	9	40,542	32,361
Deferred tax asset		-	4,058
Total Non-Current Assets		189,686	179,218
Total Assets		325,271	343,395
Liabilities			
Current Liabilities			
Trade and other payables	10	42,548	41,921
Financial liability	11	4,962	11,853
Income tax payable		1,791	1,791
Employee benefits	13	4,588	4,896
Derivative financial instruments	14	15,033	28,983
Provisions	12	1,116	1,116
Lease liabilities		3,197	5,932
Total Current Liabilities		73,235	96,492
Non-Current Liabilities			
Employee benefits	13	308	156
Provisions	12	41,739	41,128
Derivative financial instruments	14	-	4,392
Lease liabilities		5,653	5,178
Deferred tax liability		471	-
Total Non-Current Liabilities		48,171	50,854
Total Liabilities		121,406	147,346
Net Assets		203,865	196,049
Equity			
Contributed equity	15	384,661	383,887
Other equity		930	930
Reserves	16	20,545	11,654
Accumulated losses		(198,400)	(196,876)
Total Equity Attributable to Equity Holders of the Company		207,736	199,595
Non-controlling interests		(3,871)	(3,546)
Total Equity		203,865	196,049

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 2020**

Consolidated half-year ended								
Attributable to equity holders of the parent entity								
	Issued capital	Accumulated losses	Other equity	Foreign currency translation reserve	Hedging reserve	Share- based payments	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	383,887	(196,876)	930	27,991	(18,594)	2,257	(3,546)	196,049
Net profit/(loss) for the half-year	-	(1,524)	-	-	-	-	(251)	(1,775)
Other comprehensive (loss)/ income for the period								
Foreign currency translation differences	-	-	-	(2,995)	-	-	(74)	(3,069)
Change in fair value of cash flow hedges, net of tax	-	-	-	-	13,252	-	-	13,252
Ineffective portion of cash flow hedges transferred to profit or loss	-	-	-	-	(1,377)	-	-	(1,377)
Total comprehensive income/ (loss) for the period	-	(1,524)	-	(2,995)	11,875	-	(325)	7,031
Vested performance rights (LTI) converted to ordinary shares	542	-	-	-	-	(542)	-	-
Service and deferred rights (STI) converted to ordinary shares	232	-	-	-	-	(232)	-	-
Issue of deferred and service rights (STI)	-	-	-	-	-	43	-	43
Deferred rights reversed, issued in cash instead	-	-	-	-	-	(52)	-	(52)
Share based payments (LTI & STI)	-	-	-	-	-	794	-	794
Balance at 31 December 2020	384,661	(198,400)	930	24,996	(6,719)	2,268	(3,871)	203,865
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

The accompanying notes form part of these interim financial statements.

Condensed Interim Consolidated Statement of Cash Flows
for the half-year ended 31 December 2020

	Notes	Consolidated Half-year ended	
		31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities			
Cash received from customers		97,060	110,281
Payments to suppliers and employees		(78,863)	(75,140)
Payments for exploration and evaluation		(1,901)	(2,572)
Sundry receipts		446	153
Interest received		382	49
Interest paid		(45)	(83)
Net cash from operating activities		17,079	32,688
Cash flows from investing activities			
Payments for property, plant equipment and intangibles		(17,371)	(5,853)
Payments for mine development		(3,049)	(5,439)
Payments for exploration and evaluation		(8,028)	(9,131)
Payments for acquisition of King of the Hills assets		-	(818)
Payments for acquisition of Darlot		-	(5,000)
Net cash used in investing activities		(28,448)	(26,241)
Cash flows from financing activities			
Proceeds from borrowings		-	20,000
Payments of borrowing costs		-	(481)
Payments of interest		(233)	(674)
Repayment of loans		(7,000)	(11,079)
Payments of lease liabilities		(4,700)	(4,555)
Net cash from financing activities		(11,933)	3,211
Net (decrease)/increase in cash and cash equivalents		(23,302)	9,658
Cash at the beginning of the period		116,220	10,647
Effect of exchange rate fluctuations on cash held		(69)	349
Cash and cash equivalents at the end of the period	3	92,849	20,654

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 2020**

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 2020 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 2020 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 24 February 2021.

1.2 Basis of Preparation of the half-year report

The Condensed Interim Consolidated Financial Report for the half-year ended 31 December 2020 is a general purpose condensed financial report and has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial report as at and for the year ended 30 June 2020. The condensed interim consolidated half year financial report does not include full note disclosure of the type that would normally be included in the consolidated annual financial report and should be read in conjunction with the consolidated annual financial report as at and for the year ended 30 June 2020. The condensed interim consolidated half year financial report should also be read in conjunction with any public announcements made by Red 5 Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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

The accounting policies applied by the Group in these Condensed Interim Consolidated Financial Statements are consistent with those applied by the Group in its consolidated annual financial statements as at and for the financial year ended 30 June 2020.

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.

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.

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2. REVENUE AND EXPENSES

	Consolidated	
	Half-year ended	
	31 December 2020	31 December 2019
	\$'000	\$'000
(a) Revenue		
Gold and silver sales	110,956	114,298
Realised losses of cash flow hedges	(13,241)	(8,992)
	97,715	105,306
(b) Cost of sales		
Operating costs	(77,311)	(64,153)
Depreciation and amortisation mine assets	(13,552)	(17,008)
	(90,863)	(81,161)
(c) Other income		
Discount forfeited on payment of deferred consideration	-	750
Other income	561	115
	561	865
(d) Administration and other expenses		
Other employee and consultancy expenses	(1,855)	(1,270)
Share based-payments expense	(794)	(656)
Legal fees	(377)	(458)
Indirect tax expenses	(105)	(407)
Travel expense	(20)	(309)
Investor relations	(154)	(246)
Regulatory expenses	(427)	(240)
Insurance expenses	(310)	(131)
Superannuation contributions	(131)	(100)
Occupancy costs	(98)	(97)
Depreciation	(110)	(69)
Acquisition related costs	(153)	(3)
Foreign exchange (loss)/gain	(3)	31
Other expenses	(598)	(729)
	(5,135)	(4,684)
(e) Finance income / (expenses)		
Interest income	285	50
	285	50
Interest expense on borrowings	(609)	(885)
Unrealised loss on fuel hedges	(37)	-
Amortisation of borrowing costs	(109)	(139)
Unwinding of discount on rehabilitation provision	(91)	(151)
Unwinding of discount on deferred consideration on acquisitions	-	(72)
	(846)	(1,247)

3. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Cash at bank	90,360	68,754
Cash on deposit	2,489	47,465
Cash on hand	-	1
	92,849	116,220

4. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Current assets		
Trade debtors ^(a)	5,389	6,242
Prepayments	1,592	3,526
GST receivable	1,012	1,629
Sundry debtors	239	303
Interest receivable	-	97
	8,232	11,797
Non-current assets		
VAT receivable	77	62
Security deposits	195	195
	272	257

^(a) Trade debtors includes amounts receivable for 2,003 ounces sold on 31 December 2020, equivalent to \$4.915 million (30 June 2020: 2,347 ounces equivalent to \$6.081 million).

5. INVENTORIES

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Stores, spares and consumables at cost	11,556	11,305
Run of mine stockpiles at cost	14,346	15,506
Gold in circuit at cost	7,827	8,786
Crushed ore stockpile at cost	624	380
Gold Bullion at cost	151	183
	34,504	36,160

Stores, spares and consumables represent materials and supplies consumed in the production process.

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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 2020	13,264	138,487	2,014	21,080	7,206	182,051
Additions ^(a)	-	282	2	2,110	17,069	19,463
Disposals	-	(25)	-	-	-	(25)
Transfer from assets under construction	-	22	-	-	(22)	-
Effect of movements in exchange rates	(170)	(5,357)	(105)	(5)	(156)	(5,793)
Balance at 31 December 2020	13,094	133,409	1,911	23,185	24,097	195,696
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	-	7,738	30	1,956	6,591	16,315
Disposals ^(a)	-	(1,140)	-	-	-	(1,140)
Transfer from assets under construction	-	259	-	-	(259)	-
Reclassification to right of use assets	-	(3,214)	-	3,214	-	-
Reclassification to intangible assets	-	(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 period	(898)	(3,684)	(21)	(3,925)	-	(8,528)
Disposals	-	16	-	-	-	16
Effect of movements in exchange rates	135	2,967	98	2	-	3,202
Balance at 31 December 2020	(7,238)	(74,440)	(1,725)	(13,441)	-	(96,844)
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 31 December 2020	5,856	58,969	186	9,744	24,097	98,852

RED 5 LIMITED
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(a) During the half-year ended 31 December 2020 additions included construction on the King of the Hills processing plant and facilities, and sustaining capital costs.

7. INTANGIBLE ASSETS

	Mineral Rights and Asset Retirement Obligation	Software	Total
	\$'000	\$'000	\$'000
Cost			
Balance at 1 July 2020	42,045	2,015	44,060
Additions	-	16	16
Rehabilitation change due to change in estimate	731	-	731
Effect of movements in exchange rates	(225)	-	(225)
Balance at 31 December 2020	42,551	2,031	44,582
Balance at 1 July 2019	30,357	1,768	32,125
Additions	360	233	593
Reclassification from assets under construction	-	14	14
Reclassification of asset retirement obligation	2,056	-	2,056
Rehabilitation change due to change in estimate	4,626	-	4,626
Rehabilitation change in variables	4,543	-	4,543
Effect of movements in exchange rates	103	-	103
Balance at 30 June 2020	42,045	2,015	44,060
Accumulated depreciation			
Balance at 1 July 2020	(18,543)	(1,207)	(19,750)
Amortisation	(2,317)	(356)	(2,673)
Effect of movements in exchange rates	8	-	8
Balance at 31 December 2020	(20,852)	(1,563)	(22,415)
Balance at 1 July 2019	(11,793)	(603)	(12,396)
Amortisation	(6,664)	(604)	(7,268)
Reclassification of rehabilitation asset	(82)	-	(82)
Effect of movements in exchange rates	(4)	-	(4)
Balance at 30 June 2020	(18,543)	(1,207)	(19,750)
Carrying amounts			
At 1 July 2019	18,564	1,165	19,729
At 30 June 2020	23,502	808	24,310
At 31 December 2020	21,699	468	22,167

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8. MINE DEVELOPMENT

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
(a) Mine Development		
Opening balance	162,312	143,990
Transferred to exploration and evaluation	(113)	-
Development expenditure incurred in current period ^(a)	3,049	12,634
Foreign currency translation adjustment	(6,778)	5,688
Closing Balance	158,470	162,312
<i>Accumulated amortisation</i>		
Opening balance	(134,597)	(120,107)
Amortisation for the period	(2,504)	(9,052)
Foreign currency translation adjustment	6,484	(5,438)
Closing balance	(130,617)	(134,597)
Mine development net book value	27,853	27,715
(b) Deferred mining waste costs		
Opening balance	73,213	69,501
Foreign currency translation adjustment	(4,425)	3,712
Closing balance	68,788	73,213
<i>Accumulated amortisation</i>		
Opening balance	(73,213)	(69,501)
Amortisation for the period	-	-
Foreign currency translation adjustment	4,425	(3,712)
Closing balance	(68,788)	(73,213)
Deferred mining waste costs net book value	-	-
Total mine development net book value	27,853	27,715

^(a) 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.

9. EXPLORATION AND EVALUATION

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Opening balance	32,361	5,294
Exploration and evaluation expenditure incurred in current period ^(a)	9,969	30,789
Capitalised exploration costs transferred from mining development and assets under construction	113	976
Exploration expenditure transferred to profit or loss	(1,901)	(4,698)
Closing Balance	40,542	32,361

^(a) Exploration and evaluation expenditure during the half year ended 31 December 2020 includes \$2.425 million for final feasibility studies, drilling and related costs at King of the Hills gold project which were capitalised (30 June 2020: \$20.427 million). In addition, \$5.407 million (30 June 2020: \$5.665 million) was capitalised relating to the acquisition and drilling costs at satellite deposits acquired by Darlot, including the Great Western deposit which amounted to \$4.258 million (30 June 2020: \$2.918 million). Other exploration costs expensed were \$1.901 million (30 June 2020: \$4.698 million).

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10. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Current		
Creditors and accruals	38,104	35,899
Royalties and other indirect taxes	2,114	1,994
Insurance payable	-	1,641
Other creditors	2,330	2,387
	42,548	41,921

11. FINANCIAL LIABILITY

	Macquarie working capital facility	
	31 December 2020	30 June 2020
	\$'000	\$'000
Nominal Interest Rate	BBSY bid rate + 4.5%	BBSY bid rate + 4.5%
Loan Term	22 months	22 months
Carrying Value	4,962	11,853
Current borrowings	4,962	11,853
Non-current borrowings	-	-
	4,962	11,853

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 \$0.233 million.

12. PROVISIONS

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Provision for rehabilitation ^(a)	39,605	38,914
MCC final acquisition ^(b)	1,116	1,116
Documentary stamp duty ^(c)	826	1,222
Withholding tax	504	504
Other provisions	804	488
	42,855	42,244
Current	1,116	1,116
Non-current	41,739	41,128
	42,855	42,244

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

13. EMPLOYEE BENEFITS

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Provision for employee entitlements		
Provision for annual leave	2,796	2,600
Provision for long-service leave	1,513	1,416
Provision for bonuses	587	1,036
	4,896	5,052
Current	4,588	4,896
Non-current	308	156
	4,896	5,052

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Opening balance	33,375	5,311
Change in fair value of cashflow hedges	(18,342)	28,064
Closing balance	15,033	33,375
Current	15,033	28,983
Non-current	-	4,392
	15,033	33,375

Forward contracts designated as hedges

As at 31 December 2020, the Group had a net hedge liability position reflecting the negative mark-to-market value of gold contracts. As at 31 December 2020 metal hedges comprise forward contracts for 39,000 ounces of gold (30 June 2020: 67,000 ounces) at an average price of price of \$2,084 per ounce (30 June 2020: \$2,089 per ounce) for the period March 2021 to September 2021.

Derivative financial instruments are categorised as level 2 in the fair value hierarchy. The valuation is based on inputs other than quoted prices included within Level 1 that are directly or indirectly observable.

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15. CONTRIBUTED EQUITY

(a) Share capital

	Consolidated	
	31 December 2020 \$'000	30 June 2020 \$'000
1,970,908,357 (30 June 2020: 1,958,845,338) ordinary fully paid shares	384,661	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
Performance rights vested and converted to shares	10,991	542
Service rights vested and converted to shares	744	149
Deferred rights vested and converted to shares	328	83
On issue at 31 December 2020	1,970,908	384,661

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

(c) Other equity

	Consolidated	
	Thousand shares	\$'000
On issue at 30 June 2020	581	930
On issue at 31 December 2020	581	930

16. RESERVES

	Consolidated	
	31 December 2020 \$'000	30 June 2020 \$'000
Foreign currency translation reserve	24,996	27,991
Defined retirement benefit	54	54
Share-based payment reserve	2,214	2,203
Hedging reserve	(6,719)	(18,594)
	20,545	11,654

RED 5 LIMITED
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17. EARNINGS PER SHARE

	Half-year ended	
	31 December 2020	31 December 2019
Net (loss)/profit after income tax (A\$'000)	(\$1,524)	\$8,220
(i) Weighted-average number of ordinary shares (basic):		
Opening issued ordinary shares ('000)	1,958,845	1,243,167
Effect of shares issued 20 July 2020	668	-
Effect of shares issued 11 September 2020	6,690	-
Effect of shares issued 25 November 2020	66	-
Effect of shares issued 16 July 2019	-	1,072
Effect of shares issued 6 December 2019	-	105
Weighted average number of ordinary shares at 31 December (basic)	1,966,269	1,244,344
(ii) Weighted-average number of ordinary shares (basic):		
Effect of performance rights contingently issuable	-	32,806
Effect of service rights contingently issuable	-	744
Weighted average number of ordinary shares at 31 December (diluted)	1,966,269	1,277,894
Basic (loss)/profit per share (cents per share)	(0.08)	0.66
Diluted (loss)/profit per share (cents per share)	(0.08)	0.64

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. 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. COMMITMENTS

Under the terms of the EPC contract that was awarded to MACA Interquip for the construction of the King of the Hills processing plant, the Company is committed to \$50 million less the amount spent to date. At 31 December 2020 contractual commitments amounted to \$45.978 million (June 2020: \$5.146 million).

20. 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.

RED 5 LIMITED
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	Australia ^(a)	Philippines	Other ^(b)	Total
(i) Segment performance				
	\$'000	\$'000	\$'000	\$'000
Half-year ended 31 December 2020				
Revenues	97,715	-	-	97,715
Segment result before tax	4,695	(2,654)	(4,376)	(2,335)
(ii) Segment position				
As at 31 December 2020				
Segment assets	186,533	56,195	82,543	325,271
Segment liabilities	103,663	7,722	10,021	121,406

	Australia ^(a)	Philippines	Other ^(b)	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 30 June 2020				
Segment assets	184,555	60,672	98,168	343,395
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. The segment liability in the previous year included the deferred consideration payable to the sellers relating to the acquisitions of Darlot project.

21. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding	
			2020	2019
			%	%
Bremer Resources Pty Ltd	Australia	Ordinary	100	100
Estuary Resources Pty Ltd	Australia	Ordinary	100	100
Greenstone Resources (WA) Pty Ltd	Australia	Ordinary	100	100
Oakborough Pty Ltd	Australia	Ordinary	100	100
Opus Resources Pty Ltd	Australia	Ordinary	100	100
Red 5 Philippines Pty Ltd	Australia	Ordinary	100	100
Red 5 Mapawa Pty Ltd	Australia	Ordinary	100	100
Red 5 Dayano Pty Ltd	Australia	Ordinary	100	100
Darlot Mining Company Pty Ltd	Australia	Ordinary	100	100
Bremer Binaliw Corporation	Philippines	Ordinary	100	100
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 ^(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.

22. SUBSEQUENT EVENTS

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

DIRECTORS' DECLARATION

In the opinion of the Directors of Red 5 Limited:

1. the condensed interim consolidated financial statements and notes set out on page 6 to 22 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 2020 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
24 February 2021



Independent Auditor's Review Report

To the shareholders of Red 5 Limited

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the **half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed interim consolidated statement of financial position as at 31 December 2020
- 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 half-year 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 half-year.

Basis for Conclusion

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

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

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Consolidated Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Consolidated Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Consolidated Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



R Gambitta
Partner

Perth

24 February 2021