RED5 Limited

ABN 73 068 647 610

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

RED 5 LIMITED
ABN 73 068 647 610

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Kevin Dundo (Chairman)
Mark Williams (Managing Director)
Ian Macpherson
Mark Milazzo
Colin Loosemore

COMPANY SECRETARY
Frank Campagna

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770 Canning Highway
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E-mail: registrar@securitytransfer.com.au
Web-site: www.securitytransfer.com.au

BANKERS
National Australia Bank Limited

AUDITORS
KPMG

SOLICITORS
Squire Patton Boggs
HopgoodGanim
SyCip Salazar Hernandez & Gatmaitan (Philippines)

STOCK EXCHANGE LISTING
Shares in Red 5 Limited are quoted on:

Australian Securities Exchange
Trading code: RED

OTCQX International
Trading code: RDFLY

A description of the nature of the consolidated entity's operations and principal activities is included in the attached Directors' Report.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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 financial year ended 30 June 2015.

DIRECTORS

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

Kevin Anthony Dundo
Mark James Williams
Mark Francis Milazzo
Ian Keith Macpherson
John Colin Loosemore (appointed 15 December 2014)

Unless otherwise indicated, all directors held their position as a director throughout the entire financial year and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of Red 5 and the consolidated entity (which includes controlled entities of Red 5) during the financial year were related to the Siana gold project in the Philippines.

RESULTS OF OPERATIONS

The net loss of the consolidated entity after income tax was $60,304,510 (2014: $6,935,115). This includes impairment on Mine Properties of $56,612,988 (2014: $Nil)

REVIEW OF OPERATIONS

Project Description

The Siana Gold Project, located on the southern Philippine Island of Mindanao, continued to be the main focus for the Group during the year. The mine is currently in the open pit phase and is expected to be followed by an underground mining operation. Ore is treated through a conventional modern gravity and carbon-in-leach plant to produce gold ore.

During the reporting period, the Cease and Desist Order (CDO) placed over the Siana processing operations by the Philippines Mines and Geoscience Bureau (MGB) in June 2013 was lifted, enabling the recommencement of production in January 2015.

Approval was received following a site inspection by the MGB to verify the completeness of the three construction activities which had been identified by the MGB as pre-conditions to the lifting of the CDO. These construction activities comprised:

- Construction of a new High Density Poly Ethylene (HDPE) lined tailing storage facility for additional storage capacity and strength;
- Installation of a thickener and cement mixing facility to allow for production of dry tailings product with greater residual strength; and
- Necessary modifications to existing tailings storage facilities (TSF3 and TSF4) to accommodate the new thickened cement tailings.

The construction activities were completed below budget in the December 2014 Quarter.

Production summary

Following the lifting of the CDO, solid progress was made with the ramp-up of commercial gold production, with a total of 23,645 ounces of gold recovered for the 2015 financial year after operations restarted at Siana in January 2015.

The recommissioning of the processing plant commenced in the March 2015 Quarter and was completed during the June 2015 Quarter, with a total of 298,163 tonnes of ore processed. The average head grade was 2.9 g/t Au and average recovery was 84%. A number of initiatives are underway or in the planning stage as part of a recovery enhancement program.

REVIEW OF OPERATIONS (continued)

Processing costs averaged A$30 per tonne, reflecting higher costs relating to transition from care and maintenance back to steady state operations plus the additional cost of adding cement to tailings which was one of the conditions relating to the lifting of the CDO.

Mining performance to 30 June 2015 exceeded expectations, with mining activities focused on the western and southern wall cut backs, and the clean-up of silt material which had accumulated at the bottom of the open pit during the care and maintenance period and over the wet season. The removal of this silt material was completed ahead of schedule in the June 2015 Quarter.

Ore stockpiles on hand at the end of the 2015 financial year totalled approximately 87,000 tonnes at an average grade of 1.8g/t Au.

	Units	**2014/15**
Mine Production		
Waste Mined	*BCM '000s*	898
Ore Mined	*t*	340
Mined grade – gold	*g/t*	2.4
Mill Production		
Ore Processed	*t*	298,163
Head Grade - gold	*g/t*	2.9
Head Grade – Silver	*g/t*	6.0
Recovery - Gold	*%*	84
Recovery - Silver	*%*	45
Gold Recovered	*oz*	23,645
Silver Recovered	*oz*	25,341
Gold Sold	*oz*	19,382
Silver Sold	*oz*	18,559
Average Gold Price received	*US$/oz*	1,187
Cash Operating Costs	*A$/oz*	876
Total Operating Costs	*A$/oz*	1,354
All in Sustaining Cost	*A$/oz*	1,666

Production costs

The total operating cost for the financial year (including depreciation and amortisation charges) was A$1,354 per ounce, reflecting higher maintenance and processing costs during the ramp up period from care and maintenance. The All-In Sustaining Cost (AISC) (including actual waste removal costs, corporate costs and sustaining capital) was A$1,666 per ounce, mainly due to the high volume of waste material moved since the restart of mining operations.

	2014/15	
	A$m	**A$/oz**
Mining Costs Open Pit	2.8	143
Processing Costs	9.0	462
G&A Costs	6	309
Other Costs (including selling costs)	0.1	5
Silver Credits	(0.4)	(20)
Total Cash Operating Costs	**17.5**	**899**
Depreciation P&E	2.7	132
Amortisation – MPD	8.9	323
Total Depreciation and Amortisation	**11.6**	**455**
Total Costs	**26.3**	**1,354**

REVIEW OF OPERATIONS (continued)

Gold sales
Gold sales for the reporting period totalled A$27.6 million from the sale of 19,382 ounces at an average price received of US$1,187 per ounce.

Financial Summary
The consolidated entity made an operating loss of A$60.3 million before tax and spent a total of A$35.7 million on capital expenditure during the year.

Financial Summary	**Year ending June 2015**	**Year ending June 2014**
Sale proceeds Cost of goods sold/Care and Maintenance	27.6 (26.3)	0.1 (8.3)
Gross profit (loss) from Operations	1.3	(8.2)
Administration and other expenses	(5.3)	1.3
Net Profit/(Loss) before Tax and Impairment	(3.7)	(6.9)
Capital expenditure Waste Stripping Costs Plant and Equipment and Development	 14.8 23.0	 4.2 4.9

Exploration
Preparations have commenced for an increase in exploration activities, both in the near-mine environment and regionally to generate a longer term growth pipeline. Key personnel have been recruited for planned drilling and field activities; de-bottlenecking of the core shed has progressed and equipment has been prepared for upcoming exploration programs.

The Company has commenced work towards producing a JORC 2012 Mineral Resource for the Mapawa LSY deposit, located approximately 20km north of Siana. The maiden JORC 2012 Resource is expected to be completed for Mapawa in the December 2015 Quarter, and will provide the foundation for a Scoping Study to be undertaken to evaluate development options for this strategic deposit, which could provide a future source of ore feed to the Siana processing plant.

The Company has previously identified a number of priority exploration targets within its highly prospective tenement holding and will continue to develop exploration plans for these important regional growth opportunities.

REVIEW OF OPERATIONS (continued)

Future Strategy
Red 5 undertook a first-principles review of its life of mine open pit mining schedule at Siana. The key elements of the review included:

- Hydrological review;
- Geotechnical review;
- Open pit mine planning and mine schedule; and
- Review of existing open pit resources and further evaluation of underground resources.

The technical review took into consideration a number of significant factors which have changed since the 2009 Feasibility Study, at a time when the historical pit was under water. These factors include mining experience gained during the first two years of mining, updated cost structures and a more advanced understanding of the geotechnical characteristics of the open pit. The review has been completed by the end of the September 2015 Quarter and provided the foundation for the next stage of sustainable development and efficient mining of the Siana Gold Project.

Technical reviews and studies on underground resources, as well as underground mining methods and development capital requirements have commenced, and are expected to be completed later in the 2015 year. Key elements of this review will include in-fill drilling to update the underground Resource and Reserve model and a review of the mining strategy and underground Feasibility Study completed in 2009 by an independent engineering firm.

Impairment Assessment
An impairment charge to the carrying value of Mine Properties and Development has been recorded in the financial statements, following completion of the updated technical study for the open pit and underground mining plan

The impairment testing model considered the following:

- Independent geotechnical review and assessment of the Siana open pit.
- Independent mining assessment of the open pit recoverable ounces.
- Independent mining review of the underground mining plan.
- The baseline gold price and foreign exchange rates are sourced from forecasts by a consensus of reputable financial institutions.
- A WACC discount rate of 12.2%.
- Forecast inflation rates for Australia, USA and Philippines were incorporated into the model based on forecasts published by "Trading Economics" which are considered reasonable estimates.

An impairment expense of $56.6 million made up of $31.4 million in capitalised pre-production mine development and $25.2 million in capitalised deferred mining waste has been recorded for the financial year. The impairment expense is a non-cash item and does not have any impact on cash flow or mining operations.

DIVIDENDS
No amounts were paid by way of dividend since the end of the previous financial year (2014: nil). The directors do not recommend the payment of a dividend.

OPTIONS GRANTED OVER SHARES
At the date of this report, there were 110,000 options granted over ordinary fully paid shares. The terms of these options are as follows:

	Number
- at $4.00 each on or before 30 April 2016	70,000
- at $4.30 each on or before 31 December 2016	40,000
	110,000

REVIEW OF OPERATIONS (continued)

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

PERFORMANCE RIGHTS

At the date of this report, there were 12,000,000 performance rights convertible into ordinary fully paid shares.

	Number
- Vest date: 15 April 2017 (subject to satisfactory performance conditions)	6,000,000
- Vest date: 15 April 2018 (subject to satisfactory performance conditions)	6,000,000
	12,000,000

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In early July 2015, mining operations at Siana were impacted by a significant movement of material from the Eastern wall into the open pit. The Company responded rapidly to this event with the implementation of a focused management plan, mobilising the necessary engineering, contracting and technical expertise to identify the likely causes and design of a modified mining schedule.

All regular operational activities were maintained including processing of ore from existing stockpiles. Mine access ramps to the pit floor were not affected and some ore remains accessible at the base of the pit. No injury to personnel or equipment damage occurred.

Pit wall stability in this area was being closely monitored as part of the Company's normal operating procedures and as part of a strategic review of the longer term open pit and underground mining plan at Siana (see above). A preliminary assessment has indicated that an earthquake registering 6.1 off the north-east coast of Surigao del Norte on 3 July 2015 may have been a possible contributing factor. Key elements of the management plan implemented by the Company have included:

- Removal of the sloughed material, with this program well advanced with approximately 70 per cent of the material already removed as at the end of September 2015;
- Revising the open pit mining schedule;
- Commencing extensions to the perimeter ring drain on the Eastern side of the open pit. This program is approximately 70 per cent complete; and
- Geotechnical drilling to gain further understanding of the rock lithology and material strength in this area.

In September 2015, the Company announced the completion of a Technical review of the open pit mining strategy taking into consideration the following key elements:

- Hydrological review
- Geo-technical review
- Open pit mine plan and schedule review
- Geological resources evaluation

As a result of the review, the company announced a new open pit mine plan to recover an updated reserve of 181,000 recoverable gold ounces.

Also in September 2015, the Company announced the completion of a new Underground Concept Study which was prepared by independent mining consultants. The study highlighted the potential to extract the resources below the -130RL level of the open pit and will form the basis of additional studies targeting the development of a future long-term underground mining operation at Siana.

LIKELY DEVELOPMENTS

In the opinion of the directors there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the Group and the expected results of those operations in subsequent years.

INFORMATION ON DIRECTORS

Director	Qualifications, experience and special responsibilities
Kevin Dundo (Non-Executive Chairman)	B.Com, LLB, FCPA A non-executive director since March 2010 and Chairman since November 2013. Mr Dundo practices as a lawyer and specialises in commercial and corporate areas with experience in the mining sector, the service industry and the financial services industry. Mr Dundo is chairman of the remuneration committee as well as a member of the audit committee. Other current public listed company directorships: Imdex Limited (since January 2004) and Cash Converters International Limited (since February 2015). Former public listed company directorships in the last 3 years: ORH Limited (March 2013 to December 2013) and Synergy Plus Limited (July 2006 to August 2015).
Mark Williams (Managing Director)	Dip CSM Mining, GAICD A non-executive director since January 2014 and managing director since April 2014. Mr Williams was previously General Manager of the Tampakan Copper-Gold Project in southern Philippines from 2007 to 2013. He has over 20 years of mining experience operating within a diverse range of open cut, underground, quarrying and civil engineering environments across the developed markets of Australia, United Kingdom and New Zealand as well as the emerging markets of Philippines, Vietnam, Thailand and South Pacific. Mr Williams has not held directorships in any other listed companies in the last 3 years.
Mark Milazzo (Non-Executive Director)	B.Eng. Mining, FAusIMM A non-executive director since May 2011. Mr Milazzo is a mining engineer with 30 years' experience in mining operations. He was previously General Manager of the Olympic Dam mine and Kambalda Nickel Operations with WMC Limited and General Manager for HWE Mining Pty Ltd where he was responsible for managing a portfolio of surface and underground mining contracts for a wide range of clients across a range of commodities. Mr Milazzo is chairman of the health, safety, environment and community committee and a member of the audit committee. Other current directorships: Aurelia Metals Limited (since August 2012). Former directorships in the last 3 years: Mirabela Nickel Limited (June 2014 to September 2015) and Cortona Resources Limited (May 2011 to January 2013).
Ian Macpherson (Non-Executive Director)	B.Comm, CA A non-executive director since April 2014. Mr Macpherson is a chartered accountant with over 30 years' experience in the provision of financial and corporate advisory services. He was a former partner at Arthur Anderson & Co managing a specialist practice providing corporate and financial advice to the mining and mineral exploration industry. Mr Macpherson established Ord Partners in 1990 (later to become Ord Nexia) and has specialised in the area of corporate advice with particular emphasis on capital structuring, equity and debt raising, corporate affairs and Stock Exchange compliance for publicly listed companies. Mr Macpherson is chairman of the audit committee and a member of the remuneration committee. Other current directorships: Avita Medical Limited (since March 2008) and Rubicon Resources Ltd (since October 2010). Former directorships in the last 3 years: Navigator Resources Limited (July 2003 to January 2013) and Kimberly Rare Earth Limited (December 2010 to November 2012).
Colin Loosemore (Non-Executive Director)	B.Sc.Hons., M.Sc., DIC., FAusIMM A non-executive director since December 2014. Mr Loosemore is a geologist with over 40 years' experience in multi-commodity exploration including over 30 years as a director of public exploration companies within Australia and overseas. He graduated from London University in 1970 and the Royal School of Mines in 1977. Mr Loosemore was most recently Managing Director of Archipelago Resources plc where he oversaw development of the Toka Tindung Gold Mine in Sulawesi Indonesia. Mr Loosemore is a member of the remuneration committee and the health, safety, environment and community committee. Mr Loosemore has not held directorships in any other listed companies in the last 3 years.

DIRECTORS' REPORT (continued)

Information on Company Secretary

Frank Campagna B.Bus (Acc), CPA
Company Secretary of Red 5 since June 2002. Mr Campagna is a Certified Practicing Accountant with over 25 years experience as Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

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

Director	Fully paid shares	Options	Performance Rights
K Dundo	-	-	-
M Williams	-	-	12,000,000
M Milazzo	175,000	-	-
I Macpherson	-	-	-
C Loosemore	4,224,153	-	-

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors of Red 5 and of each Board committee held during the year ended 30 June 2015 and the number of meetings attended by each director whilst in office are as follows:

	Board meetings		Audit committee		Remuneration committee		HSEC committee *	
	Number held	Number attended	Number held	Number attended	Number held	Number attended	Number held	Number attended
K Dundo	11	11	2	2	2	2	1	1
M Williams	11	11	-	-	-	-	-	-
M Milazzo	11	11	2	2	2	2	2	2
I Macpherson	11	10	2	2	2	2	-	-
C Loosemore	6	6	-	-	-	-	1	1

* Health, Safety, Environment and Community committee.

REMUNERATION REPORT (AUDITED)

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

Principles used to determine the nature and amount of remuneration

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

- reward reflects the competitive market in which Red 5 operates; and
- individual reward should be linked to performance criteria.

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

During the 2015 financial year, the Committee did not seek any external advice in relation to executive remuneration related matters.

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

The structure of remuneration packages for the managing director and other senior executives comprises:

- A fixed sum base salary plus superannuation benefits;
- Short term incentives through eligibility to participate in a performance bonus scheme if deemed appropriate; and
- Long term incentives through the managing director and other senior executives being eligible to participate in share option schemes or performance rights plans with the prior approval of shareholders as required.

The proportion of fixed and variable remuneration is established for the managing director and senior executives by the remuneration committee. The objective of short term incentives is to link achievement of Red 5's operational targets with the remuneration received by executives charged with meeting those targets. The short term incentive is an "at risk" component of remuneration for key management personnel and is payable based on performance against key performance indicators set at the beginning of each financial year. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth. As such, long term incentives are only granted to executives who are able to directly influence the generation of shareholder wealth.

In considering the relationship between the consolidated entity's performance and the benefits for shareholder wealth, the Board issued 12,000,000 performance rights to Managing Director, Mr. William during the year subject to shareholder approval. The Board continues to assess methods of remuneration that appropriately link remuneration to company performance and shareholder wealth given the size and operations of the company.

	2015	2014	2013	2012	2011
Loss attributable to owners of the company	($60,304,510)	($6,935,115)	($8,813,753)	($1,682,914)	($8,111,524)
Dividends paid	-	-	-	-	-
Share price at 30 June	$0.096	$0.09	$0.62	$1.46	$1.15

REMUNERATION REPORT (AUDITED) (continued)

Performance incentives may be offered to the managing director and senior management through the operation of performance bonus schemes. The performance bonus is based on a percentage of annual salary and is payable upon the achievement of agreed key performance indicators (KPIs) for each executive, which comprise a combination of agreed milestones and relative peer group share price performance. KPIs are reviewed and agreed annually by the remuneration committee and based on a combination of group and specific role related operational targets and above median share price performance compared to a relative peer group such as the S&P/ASX All Ordinaries Gold Index. The KPIs comprise financial and non-financial objectives and include out-performance against the annual operating budget, health and safety targets and specific operations-related milestones. Measures chosen directly align the individual's reward to the KPIs of the group and to its strategy and performance. A declared bonus may be payable in a proportion of cash and shares, subject to shareholder approval, if required.

Non-executive directors' remuneration

In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executives is separate and distinct. Shareholders approve the maximum aggregate remuneration payable to non-executive directors, with the current approved limit being $500,000 per annum. The remuneration committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations. The Chairperson receives fees of $90,000 per annum and non-executive directors receive $70,000 per annum, with additional amounts for chairing of board committees, namely $10,000 per annum for audit committees and $5,000 per annum for other committees, all exclusive of superannuation. Committee members are not paid a fee. Non-executive directors are entitled to statutory superannuation benefits. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

Non-executive directors are not entitled to participate in equity based remuneration schemes.

All directors are entitled to have premiums on indemnity insurance paid by Red 5. During the financial year, Red 5 paid premiums of $135,569 (2014: $142,711) to insure the directors and other officers of the consolidated entity. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

Share-based compensation

The Board has adopted the Red 5 Employee Share Option Plan (ESOP) and a Performance Rights Plan (PR Plan). The primary purposes of these plans are to increase the motivation of employees, promote the retention of employees, align employee interests with those of Red 5 and its shareholders and to reward employees who contribute to the growth of Red 5. Specific performance hurdles or vesting schedules are determined by the Board at the time of grant under the ESOP or PR Plan and are aligned with the stage of development and operations of the Group and market conditions.

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

REMUNERATION REPORT (AUDITED) (continued)

Details of remuneration

The following table discloses details of the nature and amount of each element of the remuneration of each key management personnel including the directors of Red 5 for the year ended 30 June 2015.

2015	Short Term			Post-Employment	Other long term		
Name	Salary or directors fees	Expenses	Bonus	Super-annuation	Leave	Share based payments	Total
	$	$	$	$	$	$	$
Executive director							
M Williams [(1)]	446,325	-	276,000	50,425	11,398	42,439	826,587
Non-executive directors							
K Dundo	95,000	-	-	9,025	-	-	104,025
M Milazzo	75,000	-	-	7,125	-	-	82,125
I Macpherson	80,000	-	-	7,600	-	-	87,600
C Loosemore[(2)]	37,917	-	-	3,602	-	-	41,519
Executives							
J Mobilia [(3)]	360,625	-	-	31,250	49,156	-	441,031
D Jerdin[(4)]	185,687	10,786	-	-	11,111	-	207,584
Total	1,280,554	10,786	276,000	109,027	71,665	42,439	1,790,471

(1) Short term incentive bonus component of remuneration based on achievement of group and specific role related operational targets for the year ended 30 June 2015 including completion of construction projects under budget and within schedule, lifting of the Cease and Desist Order on the Siana gold project, recommencement of gold production and achievement of gold production and cost targets for the financial year. 50% of the performance bonus is payable in shares, subject to shareholder approval and which are escrowed for a period of two years.

(2) Appointed as a non-executive director on 12 December 2014.

(3) One-off recognition payment of $68,750 was paid to Mr Mobilia relating to the 2013/2014 financial year.

(4) Appointed General Mining Operations Manager on 1 January 2015.

REMUNERATION REPORT (AUDITED) (continued)

Details of remuneration (continued)

2014	Short Term		Post-Employment			
Name	Salary or directors fees (1)	Consulting fees	Super-annuation	Termination payment	Share based payments	Total
	$	$	$	$	$	$
Executive directors						
S Norregaard (2)	306,407	-	32,063	285,000	-	623,470
M Williams (3)	95,982	-	8,183	-	-	104,165
Non-executive directors						
C Jackson (4)	28,897	59,563	2,673	-	-	91,133
M Williams (3)	18,545	70,379	1,715	-	-	90,639
K Dundo	73,539	-	6,802	-	-	80,341
M Milazzo	72,884	-	6,742	-	-	79,626
I Macpherson (5)	16,840	-	1,558	-	-	18,398
Executives						
J Mobilia	266,858	-	25,000	-	-	291,858
R Williams (6)	130,443	-	14,000	-	-	144,443
Total	1,010,395	129,942	98,736	285,000	-	1,524,073

(1) Salary as noted in the table includes adjustment for movements in the current value of employee leave provisions, being $7,521 for Mr M Williams and ($10,642) for Mr Mobilia.
(2) Up to date of resignation on 15 April 2014.
(3) Appointed as a non-executive director on 16 January 2014 and as managing director on 15 April 2014. Mr Williams provided technical consultancy services to the Group during the period he was a non-executive director of Red 5. The services were Philippines based in relation to the Cease and Desist Order on the Siana project and were in addition to his role as a non-executive director and were requested and approved by the Board.
(4) Up to date of retirement on 28 November 2013.
(5) Appointed as a non-executive director on 15 April 2014.
(6) Up to date of resignation on 31 October 2013. Remuneration includes payment in lieu of notice of $60,000.

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

	Fixed		***At risk – short term incentives***		***At risk – long term incentives***	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Executive directors						
S Norregaard	-	100%	-	-	-	-
M Williams	62%	100%	33%	-	5%	-
Non-executive directors						
C Jackson	100%	100%	-	-	-	-
M Williams	100%	100%	-	-	-	-
K Dundo	100%	100%	-	-	-	-
M Milazzo	100%	100%	-	-	-	-
I Macpherson	100%	100%	-	-	-	-
Executives						
J Mobilia	100%	100%	-	-	-	-
R Williams	100%	100%	-	-	-	-

REMUNERATION REPORT (AUDITED) (continued)

Options granted to key management personnel

No options over ordinary shares were granted during the year to executive officers of the parent entity as part of their remuneration.

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period. Options held by Mr Mobilia expired during the year at a fair value of nil. No options have been granted since the end of the financial year.

Performance rights granted to key management personnel

12,000,000 performance rights were granted to Mark Williams during the year following approval of shareholders at the 2014 AGM. The performance rights are disclosed on page 14.

Share holdings of key management personnel

The numbers of shares in the parent entity held during the financial year by key management personnel, including their personally-related entities, are set out below.

2015	Balance at 1 July 2014	Received during the year through the issue of shares to meet bonus payment	Other purchases during the year	Balance at 30 June 2015
M Williams	-	-	-	-
I Macpherson	-	-	-	-
K Dundo	-	-	-	-
M Milazzo	175,000	-	-	175,000
C Loosemore [(1)]	-	-	-	4,224,153
J Mobilia	194,958	-	-	194,958
D Jerdin	-	-	-	-
Total	369,958	-	-	4,594,111

[(1)] appointed 12 December 2014. Balance of shares held at date of appointment.

REMUNERATION REPORT (AUDITED) (continued)

Option holdings of key management personnel

The numbers of options in the parent entity held during the financial year by key management personnel are set out below.

2015	Held at 1 July 2014	Granted as compensation	Exercised	Other changes *	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
J Mobilia	120,000	-	-	(40,000)	80,000	-	80,000
Total	120,000	-	-	(40,000)	80,000	-	80,000

*Other changes represent options that expired or were forfeited during the year.

Performance Rights held by key management personnel

The numbers of performance rights in the parent entity held during the financial year by key management personnel are set out below.

2015	Number of rights granted during 2015	Vesting Condition	Vesting date	Grant date	Fair value at grant date	Expiry Date
M Williams	6,000,000	TSR	14 April 2017	4 December 2014	$0.0172	15 April 2019
M Williams	6,000,000	TSR	14 April 2018	4 December 2014	$0.0172	15 April 2019

Each Performance Right entitles the holder to be issued with one ordinary fully paid share subject to the satisfaction of vesting conditions. 50% of the Performance rights vest after 3 years and 50% after 4 years from commencement or grant subject to satisfaction of performance hurdles including above median share price scaled performance against the S&P/ASX All Ordinaries Gold Index, a positive share price performance and minimum share price thresholds at the end of the performance period. Company's shares as quoted on ASX must be above $0.125 per share at the end of the performance period.

The Company's TSR is measured as a percentile ranking compared to the S&P/ASX All Ordinaries Gold Index. The proportion of TSR performance rights which are eligible to vest at the end of the performance period will be determined as follows:

Red 5's TSR relative to the S&P/ASX All Ordinaries Gold Index	Proportion of TSR share performance rights that are eligible to vest
Less than 50th percentile	0%
Between 50th and 75th percentile	50%
At or above 75th percentile	100%

No performance rights were held in the previous financial year.

Details of vesting profiles of the rights and options held by each key management person of the Company are detailed below.

2015	Number of rights granted during 2015	Grant date	% Vested during the year	% Forfeited in year	Financial years in which grant vests	Expiry Date
M Williams	6,000,000	4 December 2014	-%	-%	1 July 2016	15 April 2019
M Williams	6,000,000	4 December 2014	-%	-%	1 July 2017	15 April 2019

REMUNERATION REPORT (AUDITED) (continued)

The movements during the reporting period, by value, of rights and options over ordinary shares in the Company held by each key management person.

2015	Granted in year[(1)] $	Value of rights exercised during the year [(2)] $	Lapsed in the year
M Williams	206,400	-	-%
J Mobilia	-	-	33%

(1) The value of rights and options granted in the year is the fair value of the rights calculated at grant date. The total value of the rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(2) The value of rights options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deduction the price paid to exercise the right if any.

Service agreements

The terms of employment for executive directors and key management personnel are formalised in service agreements. Major provisions of the agreements are set out below.

Mark Williams, Managing Director

Term of agreement: no defined period.
Remuneration: base salary of $450,000 per annum plus statutory superannuation contributions.
Performance bonus: short term incentive bonus of up to 80% of annual salary. Entitlement is weighted between above median peer group share price performance (20%) and the achievement of Group budget, production and costs targets plus annually agreed KPIs (80%). KPIs are based on a combination of Group and specific role related operational targets. To receive 100% of the peer group share price performance component, the Red 5 share price must be in the top quartile of the S&P/ASX All Ordinaries gold index. To receive 50% of the share price performance component, the Red 5 share price must be in the second quartile of the S&P/ASX All Ordinaries Gold Index. No component is received for median or below median performance. Payment of a performance bonus is 50% cash and 50% shares (escrowed for two years). 100% of the performance bonus will be paid in cash in the event necessary shareholder or regulatory approvals are not obtained for the share component of the performance bonus.
Equity compensation: entitlement to be granted performance rights under the PR Plan vesting 50% after 3 years and 50% after 4 years from commencement or grant subject to satisfaction of performance hurdles including above median share price scaled performance against the S&P/ASX All Ordinaries Gold Index, a positive share price performance and minimum share price thresholds at the end of the performance period.

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

Joe Mobilia – Chief Financial Officer

Term of agreement: no defined period.
Remuneration: base salary of $300,000 per annum plus 10% superannuation contributions.
Performance bonus: short term incentive bonus of up to 45% of annual salary weighted equally between the achievement of annually agreed KPIs (which are based on a combination of Group and specific role related operational targets) and above median share price performance compared to the relative peer group S&P/ASX All Ordinaries Gold Index.
Equity compensation: entitlement to participate in the ESOP or PR Plan with performance hurdles or vesting schedules determined at time of grant.
Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving 6 months' notice or payment in lieu of notice and by Mr Mobilia giving 2 months' notice.

David Jerdin – General Mining Operations Manager

Term of agreement: 2 years from 1 January 2015.
Remuneration: base salary of US $290,000 per annum
Performance bonus: short term incentive bonus of up to seven months' salary based on successfully achieving agreed KPI milestones (which are based on a combination of Group and specific role related operational targets).
Termination provisions: termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) upon giving the legally required notice period or payment in lieu of notice and by Mr Jerdin giving 90 days' notice.

End of Audited Remuneration Report.

NON-AUDIT SERVICES

During the year, Red 5's external auditors, KPMG, have provided other services in addition to their statutory audit function. Non-audit services provided by the external auditors comprised $41,730 for taxation services. Further details of remuneration of the auditors are set out in Note 20.

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

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

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

ENVIRONMENTAL REGULATIONS

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

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the consolidated entity by any government agency during the year ended 30 June 2015.

Signed in accordance with a resolution of the directors.

Kevin Dundo
Chairman

Perth, Western Australia
30 September 2015

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

To the directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

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

KPMG

KPMG

Brent Steedman
Partner
Perth
30 September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	CONSOLIDATED 2015	2014
		$	$
Continuing operations			
Revenue		27,658,941	70,829
Cost of sales	5	(26,311,449)	-
Care and maintenance		-	(8,330,923)
Gross profit / (loss)		1,327,492	(8,260,094)
Other income	5	23,399	11,204,499
Administration and other expense	5	(5,347,427)	(4,953,680)
Exploration expense	13	(55,482)	(4,623)
Impairment expense	5	(56,612,988)	-
Operating loss		(60,665,006)	(2,013,898)
Financing income	5	364,976	773,530
Financing expenses	5	(4,480)	(5,694,747)
Net financing (loss)/income		360,496	(4,921,217)
Loss before income tax expense		(60,304,510)	(6,935,115)
Income tax expense	6	-	-
Net loss after income tax for the year		**(60,304,510)**	**(6,935,115)**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Movement in foreign currency translation reserve		33,270,899	(7,172,426)
Total comprehensive loss for the year		**(27,033,611)**	**(14,107,541)**
Net loss after income tax attributable to:			
- Non-controlling interest		(1,447,308)	(168,180)
- Members of parent entity		(58,857,202)	(6,766,935)
		(60,304,510)	**(6,935,115)**
Total comprehensive (loss)/income attributable to:			
- Non-controlling interest		(648,806)	(340,318)
- Members of parent company		(26,384,805)	(13,767,223)
		(27,033,611)	**(14,107,541)**
		Cents	**Cents**
Basic and diluted loss per share (cents per share)	25	(7.94)	(1.23)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	CONSOLIDATED 2015 $	2014 $
Current assets			
Cash and cash equivalents	7	10,033,274	37,913,020
Trade and other receivables	8	12,152,836	1,097,921
Inventory	9	9,395,803	4,391,127
Total current assets		31,581,913	43,402,068
Non-current assets			
Receivables	10	2,226,060	6,711,804
Property, plant and equipment	11	69,058,896	60,066,493
Mine development	12	79,822,090	92,073,157
Total non-current assets		151,107,046	158,851,454
Total assets		**182,688,959**	**202,253,522**
Current liabilities			
Trade and other payables	14	7,524,480	1,595,035
Employee benefits	15	113,108	72,745
Provisions	16	1,116,104	1,116,104
Total current liabilities		8,753,692	2,783,884
Non-current liabilities			
Employee benefits	15	32,195	-
Provisions	16	2,435,375	1,876,474
Total non-current liabilities		2,467,570	1,876,474
Total liabilities		**11,221,262**	**4,660,358**
Net assets		**171,467,697**	**197,593,164**
Equity			
Contributed equity	17	236,416,512	236,416,512
Other equity	17	930,285	930,285
Reserves	18	35,335,482	1,981,376
Accumulated losses		(99,988,195)	(41,157,429)
Total equity attributable to equity holders of the Company		**172,694,084**	**198,170,744**
Non-controlling interest		(1,226,387)	(577,580)
Total equity		**171,467,697**	**197,593,164**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Attributable to equity holders of the parent entity					
	Issued capital	**Other equity (ii)**	**Accumulated losses**	**Other reserves (i)**	**Non controlling interest**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Consolidated						
Balance at 1 July 2013	177,124,726	930,285	(34,436,319)	9,027,489	(237,262)	152,408,919
Net loss	-	-	(6,766,935)	-	(168,180)	(6,935,115)
Other comprehensive income for the year	-	-	-	(7,000,288)	(172,138)	(7,172,426)
Total comprehensive income for the year	-	-	(6,766,935)	(7,000,288)	(340,318)	(14,107,541)
Shares issued during the year	62,396,300	-	-	-	-	62,396,300
Issue of performance shares	-	-	-	-	-	-
Transaction costs	(3,104,514)	-	-	-	-	(3,104,514)
Expired options – transfers from reserves	-	-	45,825	(45,825)	-	-
Balance at 30 June 2014	**236,416,512**	**930,285**	**(41,157,429)**	**1,981,376**	**(577,580)**	**197,593,164**
Balance at 1 July 2014	236,416,512	930,285	(41,157,429)	1,981,376	(577,580)	197,593,164
Net loss	-	-	(58,857,202)	-	(1,447,308)	(60,304,510)
Other comprehensive loss for the year	-	-	-	32,472,397	798,502	33,270,899
Total comprehensive loss for the year	-	-	(58,857,202)	32,473,397	(648,807)	(27,033,611)
Shares issued during the year	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
Issue of performance shares	-	-	-	42,439	-	42,439
Other reserves	-	-		865,706	-	865,706
Expired options – transfers from reserves	-	-	26,436	(26,436)	-	-
Balance at 30 June 2015	**236,416,512**	**930,285**	**(99,988,195)**	**35,335,482**	**(1,226,387)**	**171,467,697**

(i) Other reserves represent foreign currency translation reserve and the share based payment reserve.
(ii) Refer to note 19(c) for further explanation.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	CONSOLIDATED 2015 $	2014 $
Cash flows from operating activities			
Receipts from sale of gold		23,684,445	70,829
Payments to suppliers and employees		(19,786,152)	(16,331,376)
Payments for exploration and evaluation		(55,482)	(4,623)
Interest received		481,023	657,344
Interest paid		(4,480)	(608,982)
Insurance receipts		-	11,200,177
Sundry receipts		23,399	73,568
Net cash used from operating activities	24	4,342,752	(4,943,063)
Cash flows from investing activities			
Payments for plant and equipment		(644,584)	(2,845,288)
Payments for development		(33,824,813)	(404,565)
Net cash used in investing activities		(34,469,397)	(3,249,853)
Cash flows from financing activities			
Proceeds from issues of shares		-	62,396,300
Payments for share issue expenses		-	(3,104,514)
Proceeds from payout of gold collar derivative		-	3,443,278
Repayment of borrowings		-	(22,509,581)
Finance facility expenses		-	(1,097,735)
Net cash from financing activities		-	39,127,748
Net increase/(decrease) in cash held		(30,126,645)	30,934,832
Cash at the beginning of the financial year		37,913,020	7,582,253
Effect of exchange rate fluctuations on cash held		2,246,900	(604,065)
Cash at the end of the financial year	7	10,033,274	37,913,020

The accompanying notes form part of these financial statements.

1. REPORTING ENTITY

Red 5 Limited (the "Company") is a for profit company domiciled in Australia. The address of the Company's registered office is Level 2 35 Ventnor Avenue, West Perth Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries, associates and jointly controlled entities (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in the exploration and mining of gold.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 30 September 2015.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in Note 4.17.

3. REMOVAL OF PARENT ENTITY FINANCIAL STATEMENTS

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 29.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the consolidated entity. No additional standards or amendments have been early adopted in the current year.

4.1 Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by the Company as at 30 June 2015 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Principles of consolidation (continued

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

4.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Gold and silver sales

Revenue from the sale of gold and silver is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have transferred to the buyer upon receipt of doré in the gold room. Income received by the consolidated entity for silver sales is deducted from the cost of sales.

4.3 Finance income and expenses

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

4.4 Property, plant and equipment

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Items of plant and equipment are depreciated using a combination of the straight line and diminishing value methods commencing from the time they are installed and ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use. Depreciation of the processing plant is based on life of mine. The expected useful lives of plant and equipment are between 3 and 13 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No depreciation has been calculated on mine plant and equipment whilst the Siana mine was in a state of care-and-maintenance.

4.5 Inventories

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

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

4.6 Exploration and evaluation expenditure

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

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated costs in relation to an abandoned area will be written off in full to the Statement of Profit or Loss and Other Comprehensive Income in the year in which the decision to abandon the area is made.

4.7 Mine development

Pre-Production

Costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs. Mine development costs are deferred until production commences, at which time they are amortised over the productive life of the project on a unit-of-production basis, based on reserves.

Deferred waste mining costs

In the production phase all costs associated with waste removal are capitalised and amortised over the productive life of the open pit on a unit-of-production basis based on reserves and current mine schedule.

4.8 Impairment

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

Calculation of recoverable amount

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Income tax

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

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

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

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

4.10 Financial instruments

Non-derivative financial instruments

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

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

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

Derivative financial instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Employee benefits

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

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

4.12 Share based payments

The consolidated entity may provide benefits to employees (including directors) and other parties as necessary in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions").
The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined using a Black-Scholes model or equivalent valuation technique. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Foreign currency

Foreign currency transactions

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

Financial statements of foreign operations

Each entity in the consolidated entity determines its functional currency, being the currency of the primary economic environment in which the entity operates, reflecting the underlying transactions, events and conditions that are relevant to the entity. The functional currency of the Australian entities is the Australian dollar and the functional currency of the Philippine entities is the Philippine Peso.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

4.14 Rehabilitation costs

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

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

4.15 Provisions

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

4.16 Earnings per share

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

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Accounting estimates and judgements

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

Impairment of Assets

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

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

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

Refer to Note 12 for details on assumptions applied in determination of impairment expense as of 30 June 2015.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Accounting estimates and judgements

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

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

Reserves and resources
The Group determines and reports ore reserves under the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Code ("JORC") as revised December 2004 JORC for underground reserves and the JORC 2012 edition for open pit reserves. The JORC code requires the use of reasonable investment assumptions to calculate reserves. Reserves determined in this way are taken into account in the calculation of depreciation of mining plant and equipment (refer to note 12), amortisation of capitalised development expenditure (refer to note 12), and impairment relating to these assets.
Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 New standards and interpretations not yet adopted

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- *AASB 9 Financial Instruments*
  AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.
  Effective date (annual reporting periods beginning on or after 1 January 2018).

  The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

- *AASB 15 Revenue from Contracts with Customers*
  The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

- *AASB* 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendment arising from AASB 14)

  Effective date (annual reporting periods beginning on or after 1 January 2016).

  When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*

  The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

  The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

  - the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
  - when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.
  Effective date (annual reporting periods beginning on or after 1 January 2016).

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

  The entity has not yet assessed the full impact of these amendments.

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
5. REVENUE AND EXPENSES		
(a) Other income		
Insurance claim receipts	-	11,130,931
Sundry revenue	23,399	73,568
	23,399	11,204,499
(b) Administration and other expense		
Superannuation contributions	(130,049)	(116,272)
Other employee and consultancy expenses	(2,096,130)	(2,156,956)
Occupancy costs	(324,639)	(295,996)
Regulatory expenses	(729,940)	(289,464)
Provision for doubtful debts	(1,891,820)	16,200
Foreign exchange gains/(losses)	1,406,051	(407,167)
Depreciation	(102,711)	(100,834)
Other administration overheads	(1,478,189)	(1,603,191)
	(5,347,427)	(4,953,680)
(c) Impairment		
Mine Development (refer to note 12)	(56,612,988)	-
	(56,612,988)	-
(d) Financing income/(expenses)		
Interest received	364,976	773,530
	364,976	773,530
Interest expense	(4,480)	(608,982)
Fair value of gold collar derivative	-	(3,988,030)
Finance facility fees	-	(1,097,735)
	(4,480)	(5,694,747)
	(360,496)	(4,921,217)
(e) Cost of Sales		
Operating Costs	(14,636,093)	-
Depreciation and Amortisation	(11,675,356)	-
	(26,311,449)	-

6. INCOME TAX (Prima Facie)

	CONSOLIDATED 2015 $	2014 $
Current income tax		
Current income tax charge	-	-
Adjustment for prior year (under provided)	-	-
Deferred income tax	-	-
Income tax expense	-	-

A reconciliation between income tax expense and the numerical loss before income tax at the applicable income tax rate is as follows:

	2015 $	2014 $
Loss before income tax	(60,304,510)	(6,935,115)
At statutory income tax rate of 30% (2014: 30%)	(18,091,353)	(2,080,534)
Items not allowable for income tax purposes:		
Non-deductible expenses	710,163	(963)
Impairment for which no deferred tax asset was recognised	16,983,896	-
Current year deferred tax not brought to account	397,293	2,079,571
Income tax expense	-	-

(b) Tax losses and temporary differences not brought to account

	2015 $	2014 $
Deductible temporary differences	11,405,872	1,913,480
Tax losses	11,658,813	8,500,549

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2015 and 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets at this point in time because it is not probable that future taxable profits will be available against which the Group can use the benefits there from.

7. CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank	10,032,974	14,912,907
Cash on deposit	-	23,000,000
Cash on hand	300	113
	10,033,274	37,913,020

8. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Interest receivable	3,133	119,179
Prepayments	1,621,670	401,654
Debtors	3,181,173	-
Sundry debtors	688,772	532,449
VAT Receivable	6,580,582	-
GST receivable	77,506	44,639
	12,152,836	1,097,921

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
9. INVENTORY		
Consumables	4,076,075	4,106,286
Rom Stockpiles	1,046,645	284,841
Crushed ore stockpile	12,925	-
Gold in circuit	2,161,344	-
Gold bullion – at cost	2,099,814	-
	9,395,803	4,391,127
10. RECEIVABLES		
Security deposit	134,883	134,883
VAT receivable	2,091,177	6,576,921
	2,226,060	6,711,804
11. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost		
Opening balance	63,188,591	61,154,946
Additions	644,585	4,905,857
Foreign currency translation adjustment	11,818,429	(2,872,212)
Closing balance	75,651,605	63,188,591
Accumulated depreciation		
Opening balance	3,122,098	2,591,925
Depreciation for the year	2,741,304	656,857
Foreign currency translation adjustment	729,307	(126,684)
Closing balance	6,592,709	3,122,098
Net book value	69,058,896	60,066,493

	CONSOLIDATED 2015 $	2014 $
12. MINE DEVELOPMENT		
(a) Pre-Production		
Opening Balance	81,059,664	81,028,036
Development expenditure incurred in current year	22,323,619	4,151,753
Foreign currency translation adjustment	13,328,637	(4,120,125)
	116,711,920	81,059,664
Accumulated amortisation		
Opening balance	1,791,609	1,878,035
Amortisation for the year	3,445,153	-
Impairment	31,443,757	
Foreign currency translation adjustment	209,311	(86,426)
Closing balance	36,889,830	1,791,609
Pre-production net book value	79,822,090	79,268,055
(b) Deferred Mining Waste Costs		
Opening balance	17,649,275	18,500,664
Deferred waste mining expenditure incurred during the year	14,861,162	-
Foreign currency translation adjustment	3,550,742	(851,389)
	36,061,179	17,649,275
Accumulated amortisation		
Opening balance	4,844,173	5,077,851
Amortisation for the period	5,488,899	-
Impairment	25,169,231	
Foreign currency translation adjustment	558,875	(233,678)
Closing balance	36,061,179	4,844,173
Deferred mining waste costs net book value	-	12,805,102
Total development net book value	79,822,090	92,073,157

In recent months the Company completed a review of the Siana Gold Project including preparation of a new mining plan for both the open pit and underground mines. This resulted in an impairment expense of $56.6 million allocated $31.4 million to pre-production mine development and $25.2 million to deferred mining waste. The Siana Gold Project is an independent cash generating unit and included in the Philippines reported segment. The impairment expense was determined applying a value in use discounted cash flows. The key assumptions in the discounted cash flow model include;

- production levels and operating costs based on the mine plans
- gold prices based on a USD average consensus price sourced independently. The average USD gold price was $1,216 per ounce over the life of mine.
- foreign exchange rates sourced from consensus broker reports; and
- a nominal post tax discount rate of 12.2%

The impairment expense is a non-cash item and does not have any impact on cash flow or mining operations.

	CONSOLIDATED	
	2015	**2015**
	$	**$**
13. EXPLORATION AND EVALUATION EXPENDITURE		
Opening balance	-	-
Exploration and evaluation expenditure incurred	55,482	4,623
Exploration expenditure written-off	(55,482)	(4,623)
	-	-
14. TRADE AND OTHER PAYABLES		
Creditors and accruals	7,524,480	1,595,035
15. EMPLOYEE BENEFITS		
Provision for employee entitlements		
Opening balance	72,745	126,390
Increase in provision during the period	72,558	(53,645)
	145,303	72,745
Current	113,108	72,745
Non-current (Long Service Leave)	32,195	-
	145,303	72,745
16. PROVISIONS		
MCC final acquisition	1,116,104	1,116,104
Rehabilitation provision	472.310	341,443
Finance changes	1,458,624	1,316,435
Withholding tax	504,441	218,596
	3,551,479	2,992,578
Current	1,116,104	1,116,104
Non-current	2,435,375	1,876,474
	3,551,479	2,992,578

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
17. CONTRIBUTED EQUITY		
(a) Share capital		
759,451,008 (2014: 759,451,008) ordinary fully paid shares	236,416,512	236,416,512

(b) Movements in ordinary share capital

	CONSOLIDATED 2015		CONSOLIDATED 2014	
	Shares Number	**$**	**Shares Number**	**$**
On issue at 1 July	759,451,008	236,416,512	135,488,008	177,124,726
Share placements	-	-	500,000,000	50,000,000
Share purchase plan	-	-	123,963,000	12,396,300
Less share issue expenses	-	-	-	(3,104,514)
On issue at 30 June	759,451,008	236,416,512	759,451,008	236,416,512

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	**Shares Number**	**$**
Opening balance 1 July 2014 [i]	581,428	930,285
Balance 30 June 2015	581,428	930,285

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

18. RESERVES

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
Foreign currency translation reserve	34,346,740	1,874,343
Other reserves	865,706	-
Share based payment reserve	123,036	107,033
	35,335,482	1,981,376

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the parent entity's net investment in a foreign subsidiary.

Share based payment reserve

The share based payment reserve arises on the granting and vesting of equity instruments. Refer to Note 27 for further details.

(a) Movements in share options	Options Number	Options Reserve $
Opening balance 1 July 2014	150,000	107,033
Expired options	(40,000)	(26,436)
Balance 30 June 2015	110,000	80,597

(b) Movement in performance rights		
Opening balance 1 July 2014	-	-
Issued during the period	12,000,000	42,439
Balance 30 June 2015	12,000,000	42,439

19. RELATED PARTIES

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

Executive directors
Mark Williams – Managing Director

Non-executive directors
Kevin Dundo
Mark Milazzo
Ian Macpherson
Colin Loosemore (appointed 12 December 2014)

Other executives
Joe Mobilia – Chief Financial Officer
David Jerdin - General Mining Operations Manager (appointed 1 January 2015)

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

	CONSOLIDATED	
	2015	2014
	$	$
Key management personnel		
Short term benefits	1,567,340	1,425,337
Post-employment benefits	109,027	98,736
Long term benefits	71,665	-
Other benefits	42,439	-
	1,790,471	1,524,073

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

Other transactions with directors
Other than as disclosed in the remuneration report, there were no other transactions during the year between the consolidated entity and directors or their director-related entities.

Transactions with related parties in the wholly owned group
During the financial year, unsecured loan advances were made between the parent entity and its controlled entities. All such loans were interest free. Intra-entity loan balances have been eliminated in the financial report of the consolidated entity. The ownership interests in related parties in the wholly owned group are set out in Note 25.

Individual directors and executives compensation disclosures
Information regarding individual directors and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report

Key management personnel transactions
During the year, fees were paid in the normal course of business to HopgoodGanim of which Kevin Dundo is a partner, for the provision of legal services to the Group on normal commercial terms.

	Transaction values		Balance outstanding	
	2015	2014	2015	2014
	$	$	$	$
HopgoodGanim	116,585	348,815	12,109	4,017

	CONSOLIDATED	
	2015	2014
	$	$
20. REMUNERATION OF AUDITOR		
Amounts paid or due and payable to the auditor for:		
Auditing and reviewing financial reports		
- KPMG Australia	92,830	100,935
- overseas KPMG firms	33,863	29,174
Other services – advisory (KPMG Australia)	-	8,000
Taxation advisory services – KPMG Australia	23,850	24,700
– overseas KPMG firms	7,867	7,213
	158,410	170,022

21. EXPENDITURE COMMITMENTS

Commitments in relation to capital expenditure commitments are payable as follows:

	2015	2014
- not later than one year	1,391,303	16,471,220
	1,391,303	16,471,220

Commitments in relation to operating lease expenditure commitments are payable as follows:

	2015	2014
- not later than one year	366,082	366,741
- later than one year but not later than two years	2,232	143,917
- later than two years but not later than five years	-	2,232
	368,314	512,890

22. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its Siana gold assets in the Philippines. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating tenements where the development and exploration interests are considered to form a single project. This is in indicated by:

- Having the same ownership structure.
- Exploration being focused on the same mineral or type of mineral.
- Exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, shared geological data and knowledge across the tenements.
- Shared mining economic considerations such as mineralisation, metallurgy, marketing, legal environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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 annual financial statements of the Group.

22. SEGMENT INFORMATION (continued)

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest and other revenue.
- Income tax expense.
- Deferred tax assets and liabilities.

(i) Segment performance	**Philippines $**	**Unallocated $**	**Total $**
Year ended 30 June 2015			
Revenue (i)	27,658,941	-	27,658,941
Interest received	10,338	354,638	364,976
Other income	1,376	22,023	23,399
	27,670,655	**376,661**	**28,047,316**
Segment result	**(58,313,536)**	**(1,990,974)**	**(60,304,510)**
Included within segment result:			
Impairment	(56,612,988)	-	(56,612,988)
Exploration written off	(55,482)	-	(55,482)
Other income – sundry revenue	1,376	22,023	23,399
Provision for doubtful debts	(1,891,820)	-	(1,891,820)
Year ended 30 June 2014			
Revenue (i)	70,829	-	70,829
Interest received	5,668	767,862	773,530
Other income	73,568	-	73,568
	150,065	**767,862**	**917,927**
Segment result	**(3,942,835)**	**(2,992,280)**	**(6,935,115)**
Included within segment result:			
Depreciation and amortisation	(655,371)	(1,486)	(656,857)
Exploration written off	(4,623)	-	(4,623)

(i) Segment performance (continued)	**Philippines $**	**Unallocated $**	**Total $**
Other income – insurance proceeds	11,204,499	-	11,204,499
Provision for doubtful debts	16,000	-	16,000

(ii) Segment assets			
As at 30 June 2015			
Segment assets	**177,413,840**	**5,275,119**	**182,688,959**
Additions to non-current assets:			
Deferred waste expenditure	14,861,162	-	14,861,162
Plant and equipment expenditure	639,594	4,991	644,585
Development expenditure	22,323,619	-	22,323,619
As at 30 June 2014			
Segment assets	**165,816,415**	**36,437,107**	**202,253,522**
Additions to non-current assets:			
Capital expenditure	4,903,949	1,908	4,905,857
Exploration expenditure	4,623	-	4,623
Development expenditure	4,151,753	-	4,151,753

22. SEGMENT INFORMATION (continued)

(iii) Segment liabilities			
As at 30 June 2015			
Segment liabilities	**10,598,983**	**622,279**	**11,221,262**
As at 30 June 2014			
Segment liabilities	**4,068,877**	**591,481**	**4,660,358**

[(i)] Revenue is attributable to one customer only.

23. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding	
			2015 %	2014 %
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
Bremer Binaliw Corporation	Philippines	Ordinary	100	100
Red5 Mapawa Incorporated	Philippines	Ordinary	100	100
Red5 Dayano Incorporated	Philippines	Ordinary	100	100
Red 5 Asia Incorporated	Philippines	Ordinary	100	100
Greenstone Resources Corporation (i)	Philippines	Ordinary	40	40
Surigao Holdings and Investments Corporation (i)	Philippines	Ordinary	40	40

(i) 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 127 *Consolidated and Separate Financial Statements,* relating to company control, Red 5 has consolidated these companies as subsidiaries in these financial statements.

24. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2015	2014
	$	$
Operating loss after income tax	(60,655,006)	(6,935,115)
Amortisation and depreciation	11,675,356	656,857
Provision for stock obsolescence	-	(80,637)
Impairment expense	56,612,988	
Doubtful debt expenses	1,891,820	(16,200)
Superannuation accrual	1,900	8,620
Exchange (gain)/loss	(1,406,051)	407,167
Cost of sales adjustment	1,234,688	(819,947)
Income tax expense	-	-
Changes in operating assets and liabilities		
(Increase)/decrease in inventories	(5,004,676)	850,927
(Increase)/decrease in receivables	(6,569,171)	6,577,264
Increase/(decrease) in payables	5,929,445	(5,759,379)
Increase/(decrease) in provisions	631,459	167,380
Net cash inflow/(outflow) from operating activities	(4,342,752)	(4,943,063)

25. EARNINGS PER SHARE

	2015 Number	2014 Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	759,451,008	561,592,417
Issued ordinary shares at commencement of financial year	759,451,008	135,488,008
Effect of shares issued 13 September 2013	-	16,184,384
Effect of shares issued 24 October 2013	-	328,561,644
Effect of shares issued 31 October 2013	-	35,127,148
Effect of shares issued 6 November 2013	-	46,231,233
Weighted average number of ordinary shares for the financial year	759,451,008	561,592,417

The potential ordinary shares existing at balance date are not dilutive, therefore diluted earnings per share is equal to basic earnings per share.

26. SUBSEQUENT EVENTS

In early July 2015, mining operations at Siana were impacted by a significant movement of material from the Eastern wall into the open pit.

In September 2015, the Company announced the completion of a Technical review of the open pit mining strategy. As a result of the review, the Company announced a new open pit mine plan to recover an updated reserve of 181,000 recoverable gold ounces.

Also in September 2015, the Company announced the completion of a new Underground Concept Study which was prepared by independent mining consultants. The study highlighted the potential to extract the resources below the -130RL level of the open pit and will form the basis of additional studies targeting the development of a future long-term underground mining operation at Siana.

27. SHARE BASED PAYMENTS

An Employee Option Plan (Plan) was approved by shareholders at the annual general meeting of the parent entity held on 27 November 2007. All staff (including executive directors) are eligible to participate in the scheme.

Shares and options are issued on the following terms:

(a) The Board may from time to time determine that any eligible person is entitled to participate in the plan and the extent of that participation. In making that determination, the Board may consider, where appropriate:

- the seniority of the eligible person and the position the eligible person occupies within the consolidated entity;
- the length of service of the eligible person with the consolidated entity;
- the record of employment or engagement of the eligible person with the consolidated entity;
- the contractual history of the eligible person with the consolidated entity;
- the potential contribution of the eligible person to the growth of the consolidated entity;
- the extent (if any) of the existing participation of the eligible person (or any permitted nominee in relation to that eligible person in the plan; and
- any other matters which the Board considers relevant.

(b) A 5% limit is imposed on the number of shares to be received on exercise of the options issued under the plan. This includes all shares issued (or which might be issued pursuant to the exercise of an option under each outstanding offer), the number of shares in the same class that would be issued if offers under the plan were accepted or if options over them were exercised and the number of shares in the same class issued under the previous five years pursuant to the plan. Options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights.

(c) When exercisable, each option is convertible into one ordinary share. The exercise price of options is determined by the Board when it resolves to offer the option and will be not less than 80% of the average closing sale price of the shares on
the ASX Limited over the five trading days immediately preceding the date of issue of any offer document in relation to the offer, or the date of resolving to issue the options or the date of issue of options by the Board, as the case may be.

Amounts receivable on the exercise of options are recognised as share capital. Set out below are summaries of options granted under the scheme.

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2015								
28/04/11	30/04/16	4.00	70,000	-	-	-	70,000	70,000
22/03/12	31/12/14	2.70	40,000	-	-	(40,000)		
22/03/12	31/12/16	4.30	40,000	-	-	-	40,000	40,000
			150,000	-	-	(40,000)	110,000	110,000
Weighted average exercise price			$3.73	-	-	$2.70	$4.11	$4.11
2014								
28/04/11	30/04/14	2.50	70,000	-	-	(70,000)	-	-
28/04/11	30/04/16	4.00	70,000	-	-	-	70,000	70,000
22/03/12	31/12/14	2.70	40,000	-	-	-	40,000	40,000
22/03/12	31/12/16	4.30	40,000	-	-	-	40,000	40,000
			220,000	-	-	(70,000)	150,000	150,000
Weighted average exercise price			$3.34	-	-	$2.50	$3.73	$3.73

27. SHARE BASED PAYMENTS

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. In estimating the expected volatility of the underlying shares, the consolidated entity has considered the extent to which past experience is expected to be reasonably predictive of future experience. Consequently, the expected share price volatility has been calculated using daily closing share price observations for the most recent twelve month period from grant date of the underlying shares.

Performance Rights granted during the year

Following Shareholder approval at the Annual General Meeting on 20 November 2014, Mr. Williams was granted 12,000,000 performance rights.

The performance rights may only be exercised only to the extent that the best conditions are met. On exercise, the Company will issue one ordinary share per performance right to Mr. Williams for nil cash consideration. Vesting of the rights is dependent on the conditions detailed in the table below. Provided Mr. Williams remains as Managing Director of the Company, each class of Performance Rights will vest immediately following the end of the relevant period, if the following criteria are met in respect of the period.

	Performance Period	
	Vesting 15 April 2017	Vesting 15 April 2018
Tranche and number of Performance Rights	Tranche 1 6,000,000	Tranche 2 6,000,000
Vesting performance conditions		
TSR ranking[1] 75% or higher	3,000,000	3,000,000
TSR ranking[1] 50-75%	1,500,000	1,500,000
TSR ranking[1] below 50%	nil	nil
In addition, vesting of Performance Rights is also conditional on: ▪ the market price of the Company's shares as quoted on the ASX being greater at the end of the relevant performance period compared to the share price at commencement of the relevant performance period; and ▪ the share price of the Company's shares as quoted on the ASX must be above $0.125 per share at the end of the performance period.		

[1] Performance of Company's share price relative to the S&P/ASX All Ordinaries Gold Index during the period prior to the third anniversary and fourth anniversary as applicable.

Information about the performance rights outstanding at year end
The following unvested Performance Rights were outstanding at year end:

	CONSOLIDATED	
	2015	**2014**
Balance at the start of the year	-	-
Granted during the year	12,000,000	-
Vested during the year	-	-
Expired during the year	-	-
Balance at the end of the year	**12,000,000**	**-**

Share based payments expense for the year in relation to the Performance Rights were $42,439 (2014: nil).

28. FINANCIAL RISK MANAGEMENT

Overview

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

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

Credit risk

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

Presently, the consolidated entity undertakes exploration, mining and gold production activities exclusively in the Philippines. At the balance sheet date there were no significant concentrations of credit risk.

Cash and cash equivalents

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

Trade and other receivables

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

The consolidated entity has established an allowance for impairment that represents their estimate of incurred losses in respect of VAT receivables.

28. FINANCIAL RISK MANAGEMENT (continued)

Exposure to credit risk

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

	CONSOLIDATED Carrying amount	
	2015 $	2014 $
Trade and other receivables	12,152,836	1,097,921
Cash and cash equivalents	10,033,274	37,913,020
Non-current receivables	2,226,060	6,711,804

Liquidity risk

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

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

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

CONSOLIDATED
30 June 2015

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	More than 1 year
Trade and other payables	7,524,480	(7,524,480)	(7,524,480)	-	-
Provisions	3,551,479	(3,551,479)	-	(1,116,104)	(2,435,375)
	11,075,959	(11,075,959)	(7, 524,480)	(1,116,104)	(2,435,375)

CONSOLIDATED
30 June 2014

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	More than 1 year
Trade and other payables	1,595,035	(1,595,035)	(1,595,035)	-	-
Provisions	3,065,323	(3,596,718)	(36,373)	(1,371,072)	(2,189,273)
	4,660,358	(5,191,753)	(1,631,408)	(1,371,072)	(2,189,273)

28. FINANCIAL RISK MANAGEMENT (continued)

Market risk

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

Currency risk

The consolidated entity is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the subsidiaries within the consolidated entity being AUD and Philippine PESO. The currencies in which these transactions primarily are denominated are United States dollars (USD).

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

Exposure to currency risk
The consolidated entity's exposure to USD$ foreign currency risk at balance date was as follows, based on notional amounts:

	CONSOLIDATED Carrying Amount	
	2015 $AUD	2014 $AUD
Cash	5,682,629	9,200,863
Trade payables	(344,232)	(148,659)
Gross balance sheet exposure	5,338,397	9,052,204

Sensitivity analysis
A 10 per cent strengthening of the Australian dollar against the following currencies at 30 June 2015 would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2015.

	CONSOLIDATED Profit or loss $AUD
30 June 2015	
USD	(533,840)
30 June 2014	
USD	(905,220)

A 10 per cent weakening of the Australian dollar against the above currencies at 30 June 2015 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

28. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

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

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

	CONSOLIDATED Carrying amount	
	2015 $	2014 $
Variable rate instruments		
Cash and cash equivalents	10,033,274	37,913,020
Security deposits	134,883	134,883
	10,168,157	38,047,903

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

CONSOLIDATED	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
30 June 2015				
Variable rate instruments	101,682	(101,682)	101,682	(101,682)
30 June 2014				
Variable rate instruments	380,479	(380,479)	380,479	(380,479)

Net Fair values

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

Capital management

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

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

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

29. PARENT ENTITY DISCLOSURES

(a) Financial position	2015 $	2014 $
Assets		
Current assets	5,130,626	36,295,711
Non-current assets	166,954,731	172,110,253
Total assets	172,085,357	208,405,964
Liabilities		
Current liabilities	590,084	1,862,945
Non-current liabilities	32,195	-
Total liabilities	622,279	1,862,945
Contributed equity	236,416,512	236,416,512
Other equity	930,285	930,285
Reserves	123,036	107,033
Accumulated losses	(66,006,755)	(30,910,811)
Total equity	171,463,078	206,543,019

(b) Financial performance

	2015 $	2014 $
Loss for the year	(35,095,944)	(3,138,063)
Other comprehensive income	-	-
Total comprehensive loss	(35,095,944)	(3,138,063)

DIRECTORS DECLARATION
30 JUNE 2015

The Board of Directors of Red 5 Limited declares that:

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

- giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

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

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

The Board of Directors has received the declaration by the Managing Director and Chief Financial Officer required by Section 295A of the Corporations Act 2001, for the year ended 30 June 2015.

Signed in accordance with a resolution of the directors.

Kevin Dundo
Chairman

Perth, Western Australia
30 September 2015

Independent auditor's report to the members of Red 5 Limited

Report on the financial report
We have audited the accompanying financial report of Red 5 Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2.1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Red 5 Limited for the year ended 30 June 2015, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Brent Steedman
Partner
Perth
30 September 2015