



RED 5 LIMITED

ABN 73 068 647 610

AND ITS CONTROLLED ENTITIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Appendix 4D is to be read in conjunction with the 2023 Annual Report, the 31 December 2023 Interim Consolidated Financial Report and Directors' Report.

Reporting Period

The reporting period is the half-year ended 31 December 2023. The previous corresponding period is 31 December 2022.

All amounts are in Australian Dollars, unless otherwise stated.

	31 December 2023	31 December 2022	Change	
	A\$000	A\$000	A\$000	%
Revenue from ordinary activities	283,470	159,819	123,651	77%
Profit/(loss) from ordinary activities after tax	28,963	(28,535)	57,498	201%
Net profit/(loss) after tax attributable to members	28,963	(28,535)	57,498	201%

No dividend was paid or proposed during the half-year ended 31 December 2023 (half-year ended 31 December 2022: Nil).

The Group delivered a gross profit for the period of \$45.7 million (31 December 2022: operating loss of \$5.9 million) and a net profit for the period of \$29.0 million (31 December 2022: net loss of \$28.5 million). The net profit was reflective of the continuation of steady state operation of mining and processing activities at the King of the Hills (KOTH) operating centre during the half year.

Operations have continued to be cash flow positive, putting Red 5 in a solid position to continue to de-leverage and strengthen the balance sheet for the future. The Company's net debt position improved by \$32.4 million during the half year period to \$49.5 million at 31 December 2023.

Sales generated comprised 107,470 ounces of gold (2022: 65,105 ounces), contributing to gross sales of \$283.5 million. Cost of sales of \$237.8 million comprised production costs, royalties, movement in stockpiles and depreciation charge. The improvement in profitability is driven by the Group attaining steady state production rates at KOTH early in the 2023 calendar year leading to an increase of over 42,000 ounces in gold sales during the reporting period compared to the 6 month period ending 31 December 2022.

Net tangible assets

The net tangible assets per ordinary share for the half-year ended 31 December 2023 was \$0.10 (30 June 2023: \$0.10).

Investments in controlled entities

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

Investments in associates and joint ventures

The Group does not have any interests in associates and has an interest in one unincorporated joint venture as at 31 December 2023.

Half Year Review and accounting standards

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



CONTENTS

CORPORATE INFORMATION	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION.....	7
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS.....	11
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS.....	12
DIRECTORS' DECLARATION.....	25
INDEPENDENT AUDITOR'S REVIEW REPORT	26

CORPORATE INFORMATION

BOARD OF DIRECTORS

Russell Clark (Non-Executive Chair, appointed 1 July 2023)
Mark Williams (Managing Director)
Peter Johnston (Non-Executive Director, appointed 10 July 2023)
Ian Macpherson (Non-Executive Director)
Andrea Sutton (Non-Executive Director)
Colin Loosemore (Non-Executive Director, retired 6 November 2023)
Steve Tombs (Non-Executive Director, retired 6 November 2023)

COMPANY SECRETARY

Lisa Wynne (appointed 18 August 2023)
David Coyne (joint company secretary, appointed 4 September 2023)
Frank Campagna (retired 17 August 2023)

REGISTERED OFFICE

Level 2, 35 Ventnor Avenue
West Perth Western Australia 6005
Telephone: +61 8 9322 4455
Email: info@red5limited.com
Web-site: www.red5limited.com

SHARE REGISTRY

Automic Group
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664
International: +61 2 9698 5414
Email: hello@automicgroup.com.au
Web-site: www.automicgroup.com.au

BANKERS

Hongkong and Shanghai Banking Corporation Limited
Macquarie Bank Limited
BNP Paribas

AUDITORS

KPMG

SOLICITORS

HopgoodGanim
Minter Ellison
Herbert Smith Freehills

STOCK EXCHANGE LISTING

Shares in Red 5 Limited are quoted on the Australian Securities Exchange.
Trading code: RED

DIRECTORS' REPORT

The Directors of Red 5 Limited ("Red 5" or "parent entity") present their report on the results and state of affairs of Red 5 and its subsidiaries ("the Group" or the "consolidated entity") for the half year ended 31 December 2023.

1. DIRECTORS

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

- Russell Clark (Non-Executive Chair, appointed 1 July 2023)
- Mark Williams (Managing Director)
- Peter Johnston (Non-Executive Director, appointed 10 July 2023)
- Ian Macpherson (Non-Executive Director)
- Andrea Sutton (Non-Executive Director)
- Colin Loosemore (Non-Executive Director, retired 6 November 2023)
- Steve Tombs (Non-Executive Director, retired 6 November 2023)

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

2. RESULTS OF OPERATIONS

A net profit for the consolidated entity after income tax for the half-year ended 31 December 2023 was \$29.0 million (31 December 2022: net loss of \$28.5 million).

3.1 REVIEW OF OPERATIONS

During the half-year under review, Red 5 maintained a steady-state gold production at the King of the Hills (KOTH) mine, located in the Eastern Goldfields region of Western Australia, following the ramp-up of operations after the completion of its newly constructed processing plant in 2022. The KOTH process plant receives ore from the KOTH Open Pit mine, KOTH Underground mine and Darlot Underground satellite mine. Mining operations continued at the Darlot underground mine throughout the reporting period. The Darlot processing plant went into care and maintenance in July 2022.

(a) Gold production

A total of 108,027 ounces of gold were recovered at the KOTH processing plant for the 6 months to 31 December 2023, sourced from the three gold mine operations.

A summary of key production statistics for the half-year ended 31 December 2023 and 31 December 2022 is provided below:

		Half-year ended	
		31 December 2023	31 December 2022
	Units		
Ore mined tonnes	t	3,560,985	2,074,034
Mined grade	g/t	1.12	1.00
Tonnes milled	t	2,474,108	2,012,624
Average head grade	g/t	1.47	1.07
Recovery	%	92.4	90.6
Gold produced	oz	108,027	62,944
Gold sold	oz	107,470	65,105

The Group delivered total gold production from its KOTH Open Pit, Underground and Darlot mines of 108,027 ounces for the six months ending 31 December 2023, recovered from 2,474,108 tonnes of ore processed at an average head grade of 1.47g/t Au.

Gold sales of 107,470 ounces for the half-year underpinned revenue of \$283.5 million. The Group posted a gross operating profit of \$45.7 million.

The Company had a hedging position at the end of the period of 256,439 ounces of flat forward contracts with an average price of A\$2,583 per ounce (31 December 2022: 293,863 ounces at an average price of A\$2,420 per ounce).

(b) Mining

KOTH Open Pit

The 6 months ended 31 December 2023 saw activities in the KOTH open pit continue to focus on access to, and mining of, Stage 1 ore with 2.710 million tonnes of ore mined during the period (2023: 1.319 million tonnes). Good progress was made on the Stage 2 cutback of the open pit with consistently good digging conditions being experienced in the upper benches. Stage 2 waste stripping is expected to continue for the next 18 to 24 months to ensure stable, long-term ore supply from the open pit. Multiple improvement projects with the Company's mining contractor continued during the 6-month period, focussing on activities to improve production drilling performance and load and haul efficiencies.

KOTH Underground

Improvement initiatives implemented with the mining contract during the 2023 financial year contributed to an improved mining performance, with 502,000 ore tonnes mined during the period (2023: 344,000 tonnes). Ore production was from the West, Regal, East and Central mining areas. Development during the period totalled 2,897 metres, setting up the underground operation for a strong finish to the 2024 financial year.

Darlot Underground

Following the suspension of processing operations at Darlot in July 2022 and subsequent transition to a satellite mining operation, and the "right-sizing" improvements completed during 2023, Darlot continues to make a healthy contribution to the Group's production and financial results. Stopping continued during the period from the Middle Walters South, Federation, Pedersen, Border and Thomson areas. Airleg mining occurred in the Centenary, Hurst, Border, Pedersen and Thomson sectors. For the 6 month period, 358,000 tonnes of ore were mined (2023: 354,000 tonnes).

A total of 956 metres of development were completed during the period. Underscoring the confidence that the Company has in Darlot moving forward, an additional development jumbo was secured in December 2023 for a 12-month period commencing in January 2024.

(c) Processing

The KOTH plant processed 2.474 million tonnes of ore during the period (2023: 1.978 million tonnes), an annual throughput rate of around 5Mtpa, well above the original design nameplate capacity. Throughput during the period was impacted by unscheduled shutdowns and maintenance to the primary crusher. The KOTH processing and maintenance teams continue to identify and implement design, repair and improvement solutions which will improve longevity and consistency in crusher performance.

In the month of December 2023, the Group purchased and commissioned a mobile crusher, supporting the strategy to produce and maintain a 150 to 200kt stockpile of available crushed stocks as a risk mitigation measure. This increased stockpile will ultimately assist the ongoing improvement program of the KOTH primary crusher by increasing the time available to maintain and modify the crusher.

(d) Exploration and Resource Development

During the period, the Company reported its annual Mineral Resource and Ore Reserve Statement for the KOTH and Darlot mining operations as at 30 June 2023.

The update further reinforced the scale and potential of the Group's Leonora District operations, with a Group Mineral Resource Estimate of 6.2Moz of contained gold and Ore Reserve Estimate of 2.6Moz of contained gold at 30 June 2023.

Key highlights of the update included:

- A continued increase in Resource confidence at KOTH, with a 185% increase in open pit Measured Resources and a 102% increase in underground Indicated Resources.
- A total of 75,365m of underground drilling and 137,031m of open pit grade control drilling was completed at KOTH during FY2023.
- Significant emphasis has been placed on grade control and Resource conversion, particularly at the KOTH underground where drilling focused on de-risking stope areas within the FY24 and FY25 mine plans.
- Darlot underground Ore Reserve increased by 117% post mining depletion.
- The open pit and underground Ore Reserves include mining dilution and ore loss that reflect current mining practices across the KOTH and Darlot operations.

On the strength of the improved performance at the Darlot operations, a new drilling program commenced during the period. A total of 11,748 metres were drilled out of a FY2024 planned program of 15,500 metres, testing a range of targets aimed at delivering additional mining areas and further de-risking the FY2025 and FY2026 mine plans.

In November 2023, the Company met the minimum expenditure requirements to earn an 80% interest in certain tenements held by Ardea Exploration Pty Ltd under a Farm-in and Joint Venture Agreement dated 18 November 2020. Under the terms of this agreement, the Company has elected to form an unincorporated joint venture with Ardea Exploration Pty Ltd, with the Company attaining an 80% participation interest in the joint venture tenements.

(e) Corporate

The \$175.0 million debt funding package supporting the construction and development of King of the Hills was fully drawn down in FY22. Repayments of the debt funding package commenced in December 2022 and are being paid over four years. \$72.3 million has been repaid. \$102.8 million of debt remains at 31 December 2023, with net debt¹ of \$49.8 million at 31 December 2023. Borrowing costs of \$2.8 million have been capitalised to the loan.

Key executive appointments made during the period:

- David Coyne was appointed as Chief Financial Officer and a joint Company Secretary, taking over from Patrick Duffy. Mr Coyne is a highly regarded CFO with over 30 years' experience in the mining, engineering and construction industries both in Australia and internationally. He was most recently Finance Director and Company Secretary of ASX-listed Spartan Resources Limited (formerly known as Gascoyne Resources Limited). Mr Duffy subsequently resigned from his role of Chief Corporate Development Officer to pursue another executive position; and
- Ms Lisa Wynne was appointed as a joint Company Secretary during the period following the retirement of the Company's former long serving Company Secretary, Mr Frank Campagna.

In July 2023, Red 5 made two appointments to the Board, with the appointment of a new non-executive Chair, Mr Russell Clark, and non-executive Director, Mr Peter Johnston. Both Mr Clark and Mr Johnston are highly respected global mining executives that further significant mining and governance capability to the Red 5 Board of Directors.

In November 2023, long serving non-executive directors Mr Colin Loosemore and Mr Steve Tombs retired from the Board. They had served on the Board for nine and five years respectively, and gave significant guidance and support during the critical periods of transforming the group out of the Philippines and into the Australia operations, including through the development and ramp up of the KOTH Gold Mine.

(f) ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

Red 5 published its ESG Report for the 2023 Financial Year during the reporting period, highlighting that the Group had completed an internal review to determine if the Group's material ESG topics remained relevant and if any new topics should be reflected. The evaluation resulted in the reorganisation and renaming of several material topics, resulting in 14 material topics for the Group. The ESG report also highlighted key focus areas to support the Australian government and local industry's efforts to address the impacts the mining sector has on the environment and its surrounding communities. Specific areas targeted by the Group are gender equality, clean water and sanitation, decent work and economic growth, climate action, and life on land.

3.2 FINANCIAL REVIEW

(a) *Income statement*

Gold and silver sales for the half-year reporting period totalled \$283.5 million, with 107,470 gold ounces sold at an average gold price of \$2,614 per ounce (31 December 2022: \$159.8 million with 65,105 gold ounces sold at an average price of \$2,455 per ounce). Cost of sales for the period of \$237.8 million (31 December 2022: \$165.7 million) comprised of production costs, royalties, movement in stockpiles and depreciation charge.

The Group recorded a net profit after income tax for the half-year ended 31 December 2023 of \$29.0 million in comparison to a net loss for the half-year ended 31 December 2022 of \$28.6 million.

(b) *Balance sheet*

Total assets decreased by \$1.8 million to \$668.7 million from 30 June 2023. The decrease in total assets was mainly driven by accelerated amortisation of capitalised stripping costs, offset by key asset purchases such as a mobile crusher and spare mill motor.

¹ Net debt (non-IFRS) determined as gross debt under the Syndicated Facility Agreement less cash, restricted cash, bullion on hand and trade receivables from gold sales made prior to the reporting date for which proceeds had yet to be received.

DIRECTORS' REPORT

Cash and cash equivalents were \$28.3 million which, together with restricted cash of \$13.7 million, dore bars in the safe of \$4.5 million and bullion receivable of \$6.8 million, amount to a cash and other liquid assets balance (non-IFRS) of \$53.3 million at 31 December 2023.

Total liabilities were \$312.3 million, a decrease of \$28.1 million from 30 June 2023. This was mainly driven by repayment of borrowings and a reduction in lease liabilities.

(c) Cash flow

During the year, cash and cash equivalents increased by \$8.2 million.

Cash inflows from operating activities for the year were \$94.3 million. Cash receipts of \$286.8 million reflect the sale of gold and associated by-products. This was offset by other net operating cash outflows of \$193.5 million, driven by higher payments to suppliers and employees resulting from increased operational costs.

Net cash outflows from investing activities for the period were \$45.0 million, reflecting expenditure of \$37.3 million on development activities in all three mining operations, and purchases of property, plant and equipment amounting to \$7.5 million, including the purchase of a mobile crusher to be used as a backup for the primary crusher, and a spare mill motor.

Net financing outflows of \$41.1 million are primarily from repayments of borrowings for the King of the Hills plant construction of \$25.0 million, payments of interest of \$5.3 million and lease liability payments of \$12.8 million.

3. EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

On 5 February 2024, the Company announced that it had executed a binding Scheme Implementation Deed with Silver Lake Resources Limited (Silver Lake) whereby the Company will acquire all of the issued shares in Silver Lake via a scheme of arrangement. The transaction is expected to complete during the June 2024 quarter. Completion is subject to a number of conditions being met that are customary for agreements of this nature, including Silver Lake shareholders voting to approve the transaction at a Silver Lake general meeting. Further details on the Silver Lake transaction are contained in the Company's ASX release and investor presentation that are both available from the Company's website.

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

4. AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Russell Clark

Non-Executive Chair
Perth, Western Australia
22 February 2024



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

To the Directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Red 5 Limited for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
22 February 2024

Condensed Interim Statement of **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
For the half-year ended 31 December 2023

		CONSOLIDATED HALF-YEAR ENDED	
	Note	31 December 2023 \$'000	31 December 2022 \$'000
Sales revenue	4(a)	283,470	159,819
Cost of sales	4(b)	(237,761)	(165,749)
Gross profit/(loss)		45,709	(5,930)
Other income and expenses			
Other income	4(c)	597	168
Administration and other expenses	4(d)	(3,297)	(7,966)
Exploration expenditure	12	(3,257)	(3,779)
Financing income	5(a)	253	9
Financing expenses	5(b)	(11,042)	(11,037)
Total other income and expenses		(16,746)	(22,605)
Profit/(loss) before income tax expense		28,963	(28,535)
Income tax (expense)/benefit		-	-
Net profit/(loss) after income tax for the year		28,963	(28,535)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(7)	-
Total comprehensive profit for the year		28,956	-
Net profit/(loss) after income tax attributable to:			
Members of parent entity		28,963	(28,535)
		28,963	(28,535)
Total comprehensive profit/(loss) attributable to:			
Members of parent company		28,956	(28,535)
		28,956	(28,535)
Profit/(loss) per share attributable to shareholders		Cents	Cents
Basic earnings/(loss) per share	6	0.84	(1.12)
Diluted earnings/(loss) per share	6	0.83	(1.12)

The accompanying notes form part of these financial statements.

Condensed Interim Consolidated Statement of **FINANCIAL POSITION**
As at 31 December 2023

		CONSOLIDATED	
	Note	31 December 2023 \$'000	30 June 2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents	7	28,321	20,112
Trade and other receivables	8	22,367	28,973
Inventories	9	68,492	76,550
Total Current Assets		119,180	125,635
Non-Current Assets			
Property, plant and equipment	10	274,074	289,329
Mine properties	11	231,279	228,498
Inventories	9	26,914	7,911
Exploration and evaluation assets	12	10,924	10,767
Trade and other receivables	8	6,168	8,168
Intangible assets		141	169
Total Non-Current Assets		549,500	544,842
Total Assets		668,680	670,477
Liabilities			
Current Liabilities			
Trade and other payables	13	67,515	63,683
Financial liability	17	39,412	21,854
Provisions	14	1,652	447
Employee benefits	15	5,611	7,130
Lease liabilities	16	18,320	18,557
Total Current Liabilities		132,510	111,671
Non-Current Liabilities			
Financial liability	17	63,061	104,286
Provisions	14	60,162	59,239
Employee benefits	15	917	797
Lease liabilities	16	55,682	64,413
Total Non-Current Liabilities		179,822	228,735
Total Liabilities		312,332	340,406
Net Assets		356,348	330,071
Equity			
Contributed equity	18	597,426	596,668
Other equity	18	-	930
Reserves	19	4,724	8,168
Accumulated losses		(245,785)	(275,678)
Total Equity Attributable to Equity Holders of the Company		356,365	330,088
Non-controlling interests		(17)	(17)
Total Equity		356,348	330,071

The accompanying notes form part of these financial statements.

Condensed Interim Consolidated Statement of **CHANGES IN EQUITY**
For the half-year ended 31 December 2023

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY							
	Issued capital	Other Equity	Accumulated losses	Foreign currency translation reserve	Share-based payments	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	596,668	930	(275,678)	379	7,789	(17)	330,071
Net profit/(loss) for the year	-	-	28,963	-	-	-	28,963
Foreign currency translation	-	-	-	(7)	-	-	(7)
Total comprehensive income/ (loss) for the period	-	-	28,963	(7)	-	-	28,956
Vested performance rights (LTI)	758	-	-	-	(758)	-	-
Performance rights (LTI) forfeited	-	-	-	-	(4,334)	-	(4,334)
Share-based payments (LTI & STI)	-	-	-	-	1,655	-	1,655
Transferred to accumulated losses	-	(930)	930	-	-	-	-
Balance at 31 December 2023	597,426	-	(245,785)	372	4,352	(17)	356,348
Balance at 1 July 2022	443,160	930	(268,196)	433	6,485	(17)	182,795
Net profit/(loss) for the year	-	-	(28,535)	-	-	-	(28,535)
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	(28,535)	-	-	-	(28,535)
Issue of ordinary shares	68,904	-	-	-	-	-	68,904
Share issue expenses	(2,746)	-	-	-	-	-	(2,746)
Vested performance rights (LTI)	1,367	-	-	-	(1,367)	-	-
Service and deferred rights (STI)	75	-	-	-	(75)	-	-
Performance rights (LTI)	-	-	1,248	-	(1,248)	-	-
Share-based payments (LTI & STI)	-	-	-	-	2,219	-	2,219
Balance at 31 December 2022	510,760	930	(295,483)	433	6,014	(17)	222,637

The accompanying notes form part of these financial statements.

Condensed Interim Consolidated Statement of **CASH FLOWS**
For the half-year ended 31 December 2023

		CONSOLIDATED HALF-YEAR ENDED	
	Note	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities			
Cash received from customers		286,812	162,196
Payments to suppliers and employees		(190,067)	(130,835)
Payments for exploration and evaluation		(3,257)	(3,779)
Sundry receipts		662	184
Interest received		253	9
Interest paid		(147)	(230)
Net cash from operating activities		94,256	27,545
Cash flows from investing activities			
Payments for property, plant equipment and intangibles		(7,538)	(21,059)
Payments for mine properties		(37,262)	(70,068)
Payments for exploration and evaluation		(157)	(847)
Net cash used in investing activities		(44,957)	(91,974)
Cash flows from financing activities			
Proceeds from issue of shares		-	68,904
Payments for share issue transaction costs		-	(2,746)
Repayment of loans	17	(25,000)	(10,480)
Receipt from restricted cash		2,000	7,500
Payments of borrowing costs and interest		(5,278)	(5,597)
Payments of lease liabilities		(12,827)	(12,766)
Net cash used in/from financing activities		(41,105)	44,815
Net increase/(decrease) in cash and cash equivalents		8,194	(19,614)
Cash at the beginning of the period		20,112	32,526
Effect of exchange rate fluctuations on cash held		15	(23)
Cash and cash equivalents at the end of the period	7	28,321	12,889

The accompanying notes form part of these financial statements.

Corporate information and basis of preparation

1. REPORTING ENTITY

Red 5 Limited (“parent entity” or “the Company”) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Condensed Interim consolidated Financial Report for the half-year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities.

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

A hard copy of the consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 is available upon request from the Company’s registered office at Level 2, 35 Ventnor Avenue, West Perth, Western Australia and the electronic copy is available from the Company’s website.

The condensed interim consolidated half-year financial report was authorised for issue by the parent entity’s Board of Directors on 22 February 2024.

2. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

2.1 Statement of compliance

The Condensed Interim Consolidated Financial Report for the half-year ended 31 December 2023 is a general purpose condensed financial report and has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial report as at and for the year ended 30 June 2023. The condensed interim consolidated half year financial report does not include full note disclosure of the type that would normally be included in the consolidated annual financial report and should be read in conjunction with the consolidated annual financial report as at and for the year ended 30 June 2023. The condensed interim consolidated half year financial report should also be read in conjunction with any public announcements made by Red 5 Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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

Unless stated otherwise, the accounting policies applied by the Group in these Condensed Interim Consolidated Financial Statements are consistent with those applied by the Group in its consolidated annual financial statements as at and for the financial year ended 30 June 2023.

2.2 Key estimates and judgements

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

The significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.3 Going concern

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

Notes to the **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the half-year ended 31 December 2023

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

The Group's principal cash flow generating assets is the King of the Hills (KOTH) Gold Mine (including the Darlot Underground satellite mine), which operate as a single cash generating unit. The KOTH process plant declared commercial production on 16 December 2022, and is now operating well above design throughput levels.

For the 6 months ended 31 December 2023, the Group cash generation was approximately \$8 million after the service of interest (\$5.3 million) and principal debt obligations (\$25 million), which included additional voluntary principal repayments of \$7.5 million. This 6-month period of positive cash generation indicates that the KOTH operations can, and are expected to continue, generating predictable positive cash flows.

The Directors note that at the reporting date the Group's current liabilities exceed its current assets by approximately \$14 million. Management has prepared a cash flow forecast for the next twelve months, which forecasts that the Group will be able to pay its debts as and when they fall due during that period.

Furthermore, the Group's life of mine plan financial model indicates that the Group will continue to generate positive cash flows beyond the 12-month period and remain compliant with the debt facility financial covenants and ratios.

Financial Performance

3 SEGMENT INFORMATION

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

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

(i) Segment performance

	Australia ^(a)	Other ^(b)	Total
	\$'000	\$'000	\$'000
Half-year ended 31 December 2023			
Revenues ^(c)	283,470	-	283,470
Segment result before tax	35,769	(6,806)	28,963
Half-year ended 31 December 2022			
Revenues ^(c)	159,819	-	159,819
Segment result before tax	(21,562)	(6,973)	(28,535)

(ii) Segment assets

	Australia ^(a)	Other ^(b)	Total
	\$'000	\$'000	\$'000
As at 31 December 2023			
Segment assets	646,307	22,373	668,680
As at 30 June 2023			
Segment assets	648,311	22,166	670,477

(iii) Segment liabilities

	Australia ^(a)	Other ^(b)	Total
	\$'000	\$'000	\$'000
As at 31 December 2023			
Segment liabilities	203,586	108,746	312,332
As at 30 June 2023			
Segment liabilities	204,028	136,378	340,406

(a) Australia segment consists of the King of the Hills operation and Darlot gold mining satellite operation.

(b) Includes corporate costs of the group and inter-company transactions.

(c) Revenue is attributable to four customers.

4 REVENUE AND EXPENSES

		CONSOLIDATED HALF-YEAR ENDED	
		31 December 2023	31 December 2022
		\$'000	\$'000
(a) Revenue			
Gold and silver sales		283,470	159,819
		283,470	159,819
(b) Cost of sales			
Operating costs		(180,099)	(136,215)
Depreciation and amortisation of mine assets		(57,662)	(29,534)
		(237,761)	(165,749)
(c) Other income			
Other income		597	167
		597	167
(d) Administration and other expenses			
Employee and consultancy expenses		(3,282)	(3,331)
Share-based payments		2,679	(2,219)
Corporate costs		(1,871)	(1,067)
Depreciation		(179)	(206)
Legal fees		(288)	(373)
Property and other indirect tax expenses		(66)	(277)
Travel and accommodation		(99)	(228)
Foreign exchange (losses)/gains		(2)	(25)
Other expenses		(189)	(240)
		(3,297)	(7,966)

5. FINANCE INCOME AND EXPENSES

		CONSOLIDATED YEAR ENDED	
		31 December 2023	31 December 2022
		\$'000	\$'000
(a) Finance income			
Interest income		253	9
		253	9
(b) Finance expenses			
Interest expense on borrowings and leases		(9,365)	(9,612)
Amortisation of borrowing costs		(506)	(582)
Unwinding of discount on rehabilitation provision		(1,171)	(843)
		(11,042)	(11,037)

Notes to the CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2023

6. EARNINGS PER SHARE

	HALF-YEAR ENDED	
	31 December 2023	31 December 2022
	\$'000	\$'000
Net profit/(loss) after income tax from continuing operations attributable to members of the parent company	28,963	(28,535)
Net profit/(loss) after income tax attributable to members of the parent company	28,963	(28,535)

	HALF-YEAR ENDED	
	Weighted average number of shares ('000)	
	31 December 2023	31 December 2022
Weighted-average number of ordinary shares (basic):		
Opening issued ordinary shares ('000)	3,459,483	2,356,359
Effect of shares issued 14 September 2023	1,603	-
Effect of shares issued 4 July 2022	-	405
Effect of shares issued 28 August 2022	-	3,692
Effect of shares issued 10 October 2022	-	159,831
Effect of shares issued 2 November 2022	-	18,148
Effect of shares issued 28 November 2022	-	3,820
Weighted average number of ordinary shares at 31 December (basic)	3,461,086	2,542,255
Weighted-average number of ordinary shares (basic):	3,461,086	2,542,255
Effect of performance rights contingently issuable	18,366	-
Weighted average number of ordinary shares at 31 December (diluted)	3,479,452	2,542,255

Earnings per share (cents per share)		
Basic profit/(loss) per share	0.84	(1.12)
Diluted profit/(loss) per share	0.83	(1.12)

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

In the previous half-year, since the Group had a net loss after tax for the period, potentially dilutive securities amounting to 36,229,340 were not taken into account because their effect would be anti-dilutive.

Operating assets and liabilities

7 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Cash at bank	28,320	20,111
Cash on hand	1	1
	28,321	20,112

8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Current assets		
Trade debtors ^(a)	7,882	10,933
Restricted cash ^(b)	7,500	7,500
GST receivable	3,856	4,656
Prepayments	2,579	5,273
Sundry debtors	550	611
	22,367	28,973
Non-current assets		
Security deposits ^(c)	6,162	8,162
VAT receivable	6	6
	6,168	8,168

^(a) Trade debtors includes amounts receivable for 2,229 ounces sold on 29 December 2023, equivalent to \$6.8 million (30 June 2023: 3,563 ounces equivalent to \$10.1 million).

^(b) Restricted cash is made up of \$7.5 million of funds in a debt service reserve account which may be utilised for syndicate loan repayments.

^(c) Security deposits mainly include a bank guarantee in place over a leased asset. \$2.0 million was released from the bank guarantee in the current period.

9 INVENTORIES

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Current inventory		
Stores, spares and consumables at cost	24,014	20,810
Provision for slow-moving stores, spares and consumables ^(a)	(6,151)	(6,151)
	17,863	14,659
Run of mine stockpiles at net realisable value (2023: net realisable value) ^(b)	38,205	52,236
Gold in circuit at cost (2023: net realisable value) ^(b)	8,128	6,326
Crushed ore stockpile at cost (2023: at cost) ^(b)	1,488	3,329
Gold Bullion at cost	2,808	-
	68,492	76,550
Non-current inventory		
Run of mine stockpiles at net realisable value (2023: net realisable value) ^(b)	26,914	7,911
	26,914	7,911

Notes to the CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2023

- (a) During the prior period a provision for slow-moving stores, spares and consumables inventory at the Darlot mine was made following the decision to idle processing activities at Darlot and process all Darlot ore at the KOTH process plant.
- (b) During the period, the Company reviewed its run-of-mine ore inventory costing methodology and basis of estimating net realisable value. Following the review, the basis of costing run of mine stockpiles was changed so that crushing, processing and site administration costs were allocated on a “dollars per tonne of ore” processed basis (previously “dollars per contained ounce” basis). The same change was made to the basis adopted by the Group to estimate net realisable value. Additional changes were made to segregate the cost of low grade from high grade open pit ore at KOTH, and the adoption of a lower estimated recovery rate for low grade ore (<0.5g/t Au) when calculating net realisable value. This resulted in an increase in net realisable value provision on low grade ore to \$17.2 million (30 June 2023: \$3.0 million) through cost of sales.

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment ^(a)	Fixtures and fittings	Right of use assets	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 July 2023	35,410	250,061	684	128,278	1,692	416,125
Additions ^(a)	-	132	-	849	7,310	8,291
Transfer from assets under construction	-	33	-	3	(36)	-
Balance at 31 December 2023	35,410	250,226	684	129,130	8,966	424,416
Balance at 1 July 2022	35,170	215,975	677	126,639	6,576	385,037
Additions ^(a)	240	27,849	-	1,639	1,360	31,088
Transfer from assets under construction	-	6,237	7	-	(6,244)	-
Balance at 30 June 2023	35,410	250,061	684	128,278	1,692	416,125
Accumulated depreciation						
Balance at 1 July 2023	(11,050)	(69,688)	(449)	(45,609)	-	(126,796)
Depreciation for the period	(1,465)	(11,089)	(63)	(10,929)	-	(23,546)
Balance at 31 December 2023	(12,515)	(80,777)	(512)	(56,538)	-	(150,352)
Balance at 1 July 2022	(7,507)	(49,286)	(288)	(24,578)	-	(81,659)
Depreciation for the year	(3,543)	(20,402)	(161)	(21,031)	-	(45,137)
Balance at 30 June 2023	(11,050)	(69,688)	(449)	(45,609)	-	(126,796)
Carrying amounts						
At 1 July 2022	27,663	166,689	389	102,061	6,576	303,378
At 30 June 2023	24,360	180,373	235	82,669	1,692	289,329
At 31 December 2023	22,895	169,449	172	72,592	8,966	274,074

- (a) During the half-year to 31 December 2023 additions are made up of sustaining capital including the purchase of a mobile crusher to assist in increasing crushed ore stockpiles and as a backup for when the primary crusher is undergoing maintenance, a 50% progress payment on a spare mill motor, as well as capitalised costs incurred on water bore drilling. The previous year's additions included the newly constructed tailings storage facility at KOTH.

11 MINE PROPERTIES

	Production stripping costs	Other mine development	Asset retirement obligation	Mineral rights	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at 1 July 2023	129,513	141,885	26,997	30,717	329,112
Additions	29,469	8,093	-	-	37,262
Rehabilitation economic variables change	-	-	(248)	-	(248)
Balance at 31 December 2023	158,682	149,978	26,749	30,717	366,126

	Production stripping costs	Other mine development	Asset retirement obligation	Mineral rights	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	53,348	91,018	19,106	30,717	194,189
Additions	76,165	19,621	-	-	95,786
Transfer from assets under construction	-	31,246	-	-	31,246
Rehabilitation change in cost estimate	-	-	9,765	-	9,765
Rehabilitation economic variables change	-	-	(1,874)	-	(1,874)
Balance at 30 June 2023	129,513	141,885	26,997	30,717	329,112

Accumulated depreciation					
Balance at 1 July 2023	(20,717)	(52,578)	(5,914)	(21,405)	(100,614)
Amortisation	(14,622)	(15,724)	(2,951)	(936)	(34,233)
Balance at 31 December 2023	(35,339)	(68,302)	(8,865)	(22,341)	(134,847)

Balance at 1 July 2022	(79)	(39,370)	(3,190)	(20,134)	(62,773)
Amortisation	(20,638)	(13,208)	(2,724)	(1,271)	(37,841)
Balance at 30 June 2023	(20,717)	(52,578)	(5,914)	(21,405)	(100,614)

Carrying amounts					
At 1 July 2022	53,269	51,648	15,916	10,583	131,416
At 30 June 2023	108,796	89,307	21,083	9,312	228,498
At 31 December 2023	123,343	81,676	17,884	8,376	231,279

12 EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Opening balance	10,767	41,133
Exploration and evaluation expenditure incurred in current period ^(a)	3,414	8,061
Exploration expenditure transferred to profit or loss ^(b)	(3,257)	(7,181)
Exploration expenditure transferred to mine development ^(c)	-	(31,246)
Closing balance	10,924	10,767

^(a) During the period exploration costs at Darlot of \$1.7 million (2023: \$3.2 million) and \$1.6 million (2023: \$4.0 million) at King of the Hills for drilling and related costs were incurred.

^(b) Exploration costs associated with broad scale exploration activities totalling \$3.3 million were expensed during the year (2023: \$7.2 million). Included within the expense amount was \$0.3 million spent on tenements subject to the Farm-in and Joint Venture Agreement with Ardea Exploration Pty Ltd.

Notes to the CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2023

- (c) Capitalised exploration costs relating to drilling for the KOTH processing plant feasibility study were transferred to Mine Development during the previous year.

13 TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Current		
Creditors and accruals	59,881	56,527
Royalties and other indirect taxes	6,220	6,666
Other creditors	1,414	490
	67,515	63,683

14 PROVISIONS

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Provision for rehabilitation ^(a)	58,215	57,293
Other provisions	3,599	2,393
	61,814	59,686
Current	1,652	447
Non-current	60,162	59,239
	61,814	59,686

- (a) **Rehabilitation provision:** Mining activities within the Group are required by law to undertake rehabilitation as part of their ongoing operations. The rehabilitation provision represents the present value of rehabilitation costs, which are expected to be incurred when the rehabilitation work following the cessation of operations is expected to be completed. This provision has been created based on the Group's internal estimates which are periodically reviewed as operations progress over time. The accretion of the effect of discounting on the provision is recognised as a financial expense. In addition, the rehabilitation obligation has been recognised as an intangible asset within mine properties and is being amortised over the life of the respective mines on a units of production basis.
- (b) **Other provisions:** Includes provision for Mine Rehabilitation Fund (MRF) Levy.

15 EMPLOYEE BENEFITS

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Provision for employee entitlements		
Provision for annual leave	3,982	3,823
Provision for long-service leave	1,718	1,690
Provision for incentive payments	828	2,414
	6,528	7,927
Current	5,611	7,130
Non-current	917	797
	6,528	7,927

16 LEASE LIABILITIES

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Current	18,320	18,557
Non-current	55,682	64,413
	74,002	82,970

Lease liabilities are made up of right-of-use leased assets for electricity and gas power plants and mining equipment.

Capital structure and financial risk management

17. FINANCIAL LIABILITY

	Bank syndicate debt facility	
	31 December 2023	30 June 2023
	\$'000	\$'000
Nominal Interest Rate	BBSY bid rate + 4.5%	BBSY bid rate + 4.5%
Loan Term	69 months	69 months
Carrying Value	102,473	126,140
Current	39,412	21,854
Non-current	63,061	104,286
	102,473	126,140

Red 5 has a \$175.0 million debt facility commitment which was entered into in May 2021 with a syndicate comprising BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited (Syndicated Facility Agreement). The terms of the Syndicated Facility were varied in March, October and November 2023. These were non-substantial variations relating to the calculation method of one of the covenants, the payment profile and interest rate, resulting in a fair value loss of \$0.8 million.

The key terms of the project financing facilities include:

- A\$160.0 million senior secured project loan facility;
- A\$15.0 million cost overrun and working capital facility;
- Loan term of 5.5 years, maturing on 30 June 2026;
- An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin of 4.5% p.a.;
- Certain financial covenants; and
- Guaranteed and secured on a first-ranking basis over all Australian assets of Red 5, Greenstone Resources (WA) Pty Ltd, Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd.

The first draw-down on the debt facility took place in July 2021 and \$72.3 million has been repaid to 31 December 2023, of which \$25.0 million was paid during the current reporting period. Loan acquisition costs of \$2.8 million have been offset against the \$175.0 million drawn down.

Under the Syndicated Facility Agreement the Company is subject to quarterly financial and non-financial covenant ratio tests. No breaches of any of the covenants occurred during the period.

18. CONTRIBUTED EQUITY

(a) Share capital

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
3,462,189,250 (30 June 2023: 3,459,483,380) ordinary fully paid shares	597,426	596,668

Notes to the CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2023

(b) Movements in ordinary share capital

	CONSOLIDATED	
	Thousand shares	\$'000
On issue at 30 June 2022	2,356,361	443,160
Capital raising for cash	1,097,319	158,904
Performance rights vested and converted to shares	5,391	1,367
Service rights vested and converted to shares	412	75
Share issue costs	-	(6,838)
On issue at 30 June 2023	3,459,483	596,668
On issue at 1 July 2023	3,459,483	596,668
Performance rights vested and converted to shares	2,706	758
On issue at 31 December 2023	3,462,189	597,426

(c) Other equity

	CONSOLIDATED	
	Thousand shares	\$'000
On issue at 30 June 2023	581	930
Released to retained earnings ^(a)	(581)	(930)
On issue at 31 December 2023	-	-

^(a) In 2010 Red 5 provided for 581,428 shares to be issued at a value of \$930,285 to settle possible outstanding tax liabilities in relation to the acquisition of Merrill Crowe Corporation (MCC) by Philippine subsidiaries of the Red 5 Group. It is considered highly unlikely that any such liability will now materialise following the divestiture of the Philippine mining operation by the Group in 2021.

19. RESERVES

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Foreign currency translation reserve ^(a)	372	379
Share-based payment reserve ^(b)	4,352	7,789
	4,724	8,168

^(a) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currency is different to the presentation currency of the reporting entity.

^(b) The share-based payment reserve includes performance rights, service and deferred rights reserve. It arises on the granting and vesting of equity instruments.

Other disclosures

20. INVESTMENTS IN CONTROLLED ENTITIES

The Group's subsidiaries at the end of the year are set out below:

Name of controlled entity:	Country of incorporation	Class of shares	Equity holding	
			2023	2022
			%	%
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

20. INVESTMENTS IN CONTROLLED ENTITIES (continued)

	Country of incorporation	Class of shares	Equity holding	
			2023	2022
			%	%
Red 5 Mapawa Pty Ltd	Australia	Ordinary	100	100
Red 5 Dayano Pty Ltd	Australia	Ordinary	100	100
Darlot Mining Company Pty Ltd	Australia	Ordinary	100	100
Red 5 Mapawa Inc	Philippines	Ordinary	100	100
Red 5 Dayano Inc	Philippines	Ordinary	100	100
Red 5 Asia Inc	Philippines	Ordinary	100	100
Surigao Holdings and Investments Corporation ^(a)	Philippines	Ordinary	40	40

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

21. CAPITAL COMMITMENTS

	CONSOLIDATED	
	31 December 2023	30 June 2023
	\$'000	\$'000
Capital expenditure commitments		
Contracted but not provided for:		
- not later than one year	9,380	-
	9,380	-
Contractual sale commitments		
Sale commitments: ^(a)		
- not later than one year	256,773	247,005
- later than one year but not later than two years	244,815	257,302
- later than two years but not later than five years	160,959	286,728
	662,547	791,035
Contractual expenditure commitments		
Non-capital expenditure commitments:		
- not later than one year	93	267
	93	267
Tenement expenditure commitments:		
- not later than one year	6,780	6,493
	6,780	6,493

^(a) Total gold forward contracts in place at 31 December 2023 amount to 256,439 ounces (June 2023: 313,119) of gold produced at the King of the Hills operation amounting to \$662.5 million (June 2023: \$791.0 million) at an average price of A\$2,584 per ounce (June 2023: A\$2,526 per ounce) and settle between January 2024 and September 2026.

It is management's intention to settle each contract through the physical delivery of gold and, accordingly, are accounted for as sale contracts with revenue recognised once the gold has been delivered to the purchaser or agent.

22. CONTINGENT LIABILITIES

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

23. SUBSEQUENT EVENTS

On 5 February 2024, the Company announced that it had executed a binding Scheme Implementation Deed with Silver Lake whereby the Company will acquire all of the issued shares in Silver Lake via a scheme of arrangement. The transaction is expected to complete during the June 2024 quarter. Completion is subject to a number of conditions being met that are customary for agreements of this nature, including Silver Lake shareholders voting to approve the transaction at a Silver Lake general meeting. Further details on the Silver Lake transaction are contained in the Company's ASX release and investor presentation that are both available from the Company's website.

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

DIRECTORS' DECLARATION

In the opinion of the Board of Directors of Red 5 Limited:

- (a) the condensed interim consolidated financial statements, and the notes set out from 8 to 24 are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
 - complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors.



Russell Clark
Chairman

Perth, Western Australia
22 February 2024



Independent Auditor's Review Report

To the shareholders of Red 5 Limited

Conclusion

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

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

- Giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed interim consolidated statement of financial position as at 31 December 2023;
- Condensed interim statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 23 comprising a summary of material accounting policies and other explanatory information; and
- The Directors' Declaration.

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

Basis for Conclusion

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

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Red 5 Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Review Report.



Responsibilities of the Directors for the Condensed Interim Consolidated Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Condensed Interim Consolidated Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Consolidated Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Jane Bailey

Partner

Perth

22 February 2024