RED 5 LIMITED AND ITS CONTROLLED ENTITIES - RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period
The reporting period is the year ended 30 June 2023. The previous corresponding period is 30 June 2022.

All amounts are in Australian Dollars, unless otherwise stated. This information should be read in conjunction with Red 5 Limited's 2023 Annual Report (which includes the 2023 Financial Report).

	30 June 2023	30 June 2022	Change	
	A$000	A$000	A$000	%
Revenue from ordinary activities	422,745	164,962	257,783	156%
Loss from continuing operations after tax	(8,730)	(48,664)	39,934	82%
Net loss after tax attributable to members	(8,730)	(28,615)	19,885	69%

Red 5 had record production of 165,544 ounces of gold for the period, contributing to gross sales of $422.7 million. Gold was produced from the new King of the Hills (KOTH) Gold Mine in Western Australia, with ore feed from the KOTH Open Pit mine, KOTH Underground mine and Darlot Underground satellite mine, with processing at the new KOTH process plant. Cost of sales of $394.6 million comprised production costs, royalties, movement in stockpiles and depreciation charges. Red 5 also incurred general and administrative expenses of $8.8 million and financing expenses of $18.9 million on leases and borrowings during the period.

The Group incurred a loss from continuing operations for the period of $8.7 million (30 June 2022: the operating loss from continuing operations was $48.7 million, and a net loss $28.6 million). The net loss was reflective of the ramp up of mining and processing activities at KOTH, with commercial production being announced on 16 December 2022.

Operations have been cash flow positive since March 2023, 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 $56.6 million during the second half of the year, being $81.9 million at 30 June 2023.

No dividend was paid or proposed during the year ended 30 June 2023 (30 June 2022: Nil).

Net tangible assets
The net tangible assets per ordinary share for the year ended 30 June 2023 was $0.10 (30 June 2022: $0.08).

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

Investments in associates and joint ventures
Red 5 Limited does not have any interests in associates or joint venture entities as at 30 June 2023.

Review and accounting standards
The report is based on the consolidated annual financial statements for the year ended 30 June 2023 which has been subject to an audit 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).

RED 5 LIMITED

ABN 73 068 647 610

AND ITS CONTROLLED ENTITIES

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Russell Clark (Chair, appointed 1 July 2023)

Andrea Sutton (Non-Executive Director, Acting Chair 13 March 2023 to 30 June 2023)

Mark Williams (Managing Director)

Peter Johnston (Non-Executive Director, appointed 10 July 2023)

Ian Macpherson (Non-Executive Director)

Colin Loosemore (Non-Executive Director)

Steve Tombs (Non-Executive Director)

Kevin Dundo (Chair, resigned 12 March 2023)

Fiona Harris (Non-Executive Director, resigned 6 December 2022)

COMPANY SECRETARY

Lisa Wynne (appointed 18 August 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

STOCK EXCHANGE LISTING

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

Trading code: RED

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 year ended 30 June 2023.

1. DIRECTORS AND COMPANY SECRETARY

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 (Chair, appointed 1 July 2023)
- Andrea Sutton (Acting chair, 13 March 2023 to 30 June 2023)
- Mark Williams (Managing Director)
- Peter Johnston (Non-Executive Director, appointed 10 July 2023)
- Ian Macpherson (Non-Executive Director)
- Colin Loosemore (Non-Executive Director)
- Steve Tombs (Non-Executive Director)
- Kevin Dundo (Chair, resigned 12 March 2023)
- Fiona Harris (Non-Executive Director, resigned 6 December 2022)

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

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

1.1 Information on Directors

Russell Clark	**Non-Executive Chair (from 1 July 2023)**
Appointment date	Non-executive Chair from July 2023.
Qualifications	BSc Mineral Resources Eng. (Hons), GradDip FinInv, FAICD.
Experience	Mr Clark is an internationally experienced mining professional and director with over 40 years of experience in senior corporate, operational and project development roles. During his career, Mr Clark served as Managing Director and CEO of Grange Resources for five years, as Group Executive of Operations for Newmont he managed the group's Australian and New Zealand Operations including the KCGM mine in Kalgoorlie, and he held a number of mine general manager roles for Normandy Mining. Mr Clark is a qualified Mining Engineer and has worked across Australia, North and South America, Africa, Europe and the Asia Pacific.
Other listed company directorships	Chair of CZR Resources Ltd (since September 2021). Chair of Pearl Gull Iron Ltd (since July 2021). Non-executive director of Tungsten Mining NL (since February 2020).

Andrea Sutton	**Non-Executive Director (Acting Chair from 13 March 2023 to 30 June 2023)**
Appointment date	Non-executive Director since November 2020 and acting Chair from March 2023 to 30 June 2023.
Special responsibilities	Chair of the Sustainability Committee. Member of the Audit and Risk Committee. Member of the Remuneration and Nomination Committee.
Qualifications	B.Eng Chemical (Hons), GradDipEcon, GAICD.
Experience	Ms Sutton is a qualified Chemical Engineer and has over 25 years' experience with Rio Tinto and ERA. Between 2013 and 2017, Ms Sutton was Chief Executive and Managing Director of ERA, then a Non-Executive Director from 2018 to 2020. Ms Sutton had extensive executive and operational leadership roles across Rio Tinto. This experience included Head of Health, Environment, Safety and Security; General Manager Operations at the Bengalla Mine and General Manager of Infrastructure, Iron Ore.
Other listed company directorships	Non-executive director of: DDH1 Holdings Pty Ltd (since February 2021); Iluka Resources Limited (since March 2021); and Energy Resources of Australia Ltd (October 2018 to May 2020).

Mark Williams	**Executive Director**
Appointment date	Non-Executive Director from January 2014 and Managing Director since April 2014.
Special responsibilities	Managing Director
Qualifications	Dip CSM Mining, GAICD.
Experience	Mr Williams was previously General Manager of the Tampakan Copper-Gold Project in the southern Philippines from 2007 to 2013. He has over 26 years' of mining experience operating within a diverse range of open cut, underground, quarrying and civil engineering environments across the developed markets of Australia, United Kingdom and New Zealand as well as the emerging markets of Philippines, Vietnam, Thailand and South Pacific.
Other listed company directorships	Mr Williams has not held directorships in any other listed companies in the past 3 years.

Peter Johnston	**Non-Executive Director**
Appointment date	10 July 2023
Qualifications	BA, FAICD, FAusIMM.
Experience	Mr Johnston is a highly experienced Australian mining executive and Board Director who has more than 35 years of operational and project development experience. Mr Johnston's distinguished career has seen him hold senior roles with major resource companies including Head of Global Nickel Assets for Glencore, Managing Director and Chief Executive Officer of Minara Resources and Executive General Manager at WMC Resources for Olympic Dam, the Nickel Division and the Copper and Fertilisers Division.
Other listed company directorships	Chair of Jervois Mining (since 2018). Non-Executive Director of: NRW Holdings Limited (since 2016); and Tronox (US) (since 2012).

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

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

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

1.2 Information on Company Secretary

Lisa Wynne	**Company Secretary**
Appointment date	1 August 2023.
Qualifications	B.Bus, CA, FGIA, MAICD.
Experience	Ms Wynne is a Chartered Accountant with over 18 years' experience in finance, accounting, corporate governance, strategy, risk management and mergers & acquisitions. Ms Wynne has held senior roles as Chief Financial Officer, Company Secretary and Non-Executive Director for ASX-listed and not-for-profit companies.

1.3 Director's Meetings

The number of meetings of the Board of Directors of Red 5 and of each Board committee held during the year ended 30 June 2023 and the number of meetings attended by each Director whilst in office are as follows:

Director	**Board meetings**		**Audit Committee**		**Remuneration & Nomination Committee**		**Risk, Environment & Sustainability Committee**		**Health, Safety & Community Committee**	
	Eligible	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Andrea Sutton	17	17	1	1	2	2	4	4	2	2
Mark Williams	17	17	1	1	-	-	-	-	-	-
Ian Macpherson	17	15	5	5	3	3	2	2	-	-
Colin Loosemore	17	15	4	4	-	-	2	2	2	2
Steven Tombs	17	16	1	1	3	3	4	3	1	1
Kevin Dundo	12	12	4	4	1	1	-	-	1	1
Fiona Harris	5	5	1	1	-	-	-	-	-	-

2. PRINCIPAL ACTIVITIES

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

3. RESULTS OF OPERATIONS

Red 5 incurred a net loss of the consolidated entity after income tax for the year ended 30 June 2023 of $8.7 million (30 June 2022: loss of $28.6 million after a gain from discontinued operation).

The current year results include an unaudited underlying EBITDA[a] of $96.1 million (2022: loss of $4.3 million).

	30 June 2023 $'000	**30 June 2022 $'000**
Sales revenue	422,745	164,962
Cost of sales (excluding depreciation)	(311,875)	(153,934)
Other income	811	208
Administration and other expenses (excluding depreciation)	(8,419)	(12,972)
Exploration expenditure	(7,181)	(2,522)
Underlying EBITDA	**96,081**	**(4,258)**

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

The underlying EBITDA reconciles to the profit/(loss) before tax as follows:

	30 June 2023 $'000	30 June 2022 $'000
Underlying EBITDA	96,081	(4,258)
Financing income	61	8
Financing expenses	(21,721)	(2,815)
Depreciation and amortisation	(83,151)	(42,514)
Loss from continuing operations before income tax expense	**(8,730)**	**(49,579)**

3.1 REVIEW OF OPERATIONS

During the financial year, Red 5 completed the ramp-up to steady-state gold production at the King of the Hills (KOTH) mine, located in the Eastern Goldfields region of Western Australia, following 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, with the Darlot processing plant going into care and maintenance on 28 July 2022.

Commercial production was declared at KOTH on 16 December 2022. Following a delay in completing the cut back of the KOTH open pit due to the impacts of COVID-19, mining reached the primary zone of the ore body in February 2023, which resulted in access to large contiguous high-grade ore zones and a sustained improvement in the ore feed to the processing plant.

Throughout the second half of FY2023, Red 5 has demonstrated a consistent improvement in results, month on month, with the June Quarter delivering sustained positive cashflows. The company delivered four consecutive months of record production since March 2023, underpinning total production for the second half of the year of 102,574 ounces, compared to the first half of 57,683 ounces. This paved the way for an all-in-sustaining-cost of $1,837 per ounce, placing the company in the upper end of production guidance and mid-range of cost guidance for the second half of FY2023.

The KOTH process plant also achieved record throughput rates for the quarter. In June, it has been operating at an annualised throughput rate of up to 5.5Mtpa – a significant increase from the original nameplate capacity of 4.0Mtpa, and this rate is expected to be maintained.

Operations have been cash flow positive since March 2023, 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 $56.6 million during the second half of the year to be $81.9 million at 30 June 2023.

(a) Gold production

A total of 165,544 ounces of gold were recovered at the KOTH and Darlot process plants for the 12 months to 30 June 2023, sourced from the three gold mine operations. The Darlot plant transitioned to care and maintenance in July 2022.

A summary of key production statistics for the year ended 30 June 2023 and 30 June 2022 is provided below:

		Year ended	
	Units	**30 June 2023**	**30 June 2022**
Mined tonnes	T	2,074,034	2,660,914
Mined grade	g/t	1.00	1.15
Tonnes milled	T	4,252,673	1,359,974
Average head grade	g/t	1.31	1.66
Recovery	%	92.2	92.1
Gold produced	Oz	165,544	66,871
Gold sold	Oz	164,974	64,315

The Group delivered total gold production from its King of the Hills Open Pit, Underground and Darlot mines of 165,544 ounces for the year ended 30 June 2023, recovered from 4,252,673 tonnes of ore processed at an average head grade of 1.31g/t Au.

Gold sales of 164,974 ounces for the year underpinned revenue of $422.7 million. The Group posted a gross operating profit of $28.1 million.

Exploration and Resource Development

At KOTH, drilling during the reporting period focused on grade control drilling of key mining areas and extensional drilling along the high-grade trend south of Regal from the East-West Link area. Assay results to date and visual inspection of the core indicate the potential for further future increases in the KOTH Mineral Resource estimate.

Drilling at the Darlot Underground satellite mine has confirmed Ore Reserves underpinning the FY23 and FY24 mine plan and identified new targets for potential Resource extension. Encouraging results have been recorded in a number of key areas, which have confirmed and, in some instances, identified the potential to upgrade existing Resource estimates.

Exploration drilling has also generated new targets for Resource extension at Darlot, with strong results received from a part-Government-funded Exploration Incentive Scheme (EIS) hole (CAX0075), drilled just 320m from the current development in the Lords South mining area. Surface grade control drilling at the St George open pit satellite deposit at Darlot also returned significant intersections, with the potential development of a satellite open pit at St George to be evaluated at a later date.

Regional aircore drilling was undertaken at Mt Zephyr, Gale South and Yandal South. Soil sampling programs in the Darlot area focused on Great Southern, Taranaki Mag High, Mt Zephyr West, Yandal South, Bundarra, Yandal North and Darlot North, designed to in-fill gaps in existing datasets.

Resource and Reserves at King of the Hills

In September 2022, Red 5 reported an increase of 12.5% in Ore Reserves to 70Mt @1.2g/t AU for 2.7 million gold ounces and an increase of 7% in Ore Resources to 105.5Mt @ 1.4g/t Au for 4.7 million gold ounces.

The updated King of the Hills Reserve reflects the completion of grade control drilling and a re-design of open pit cut-backs and a deepening of the Stage 2 pit. The updated Resource is based on an additional 24,100 metres of underground drilling and 70,000 metres of open pit grade control drilling.

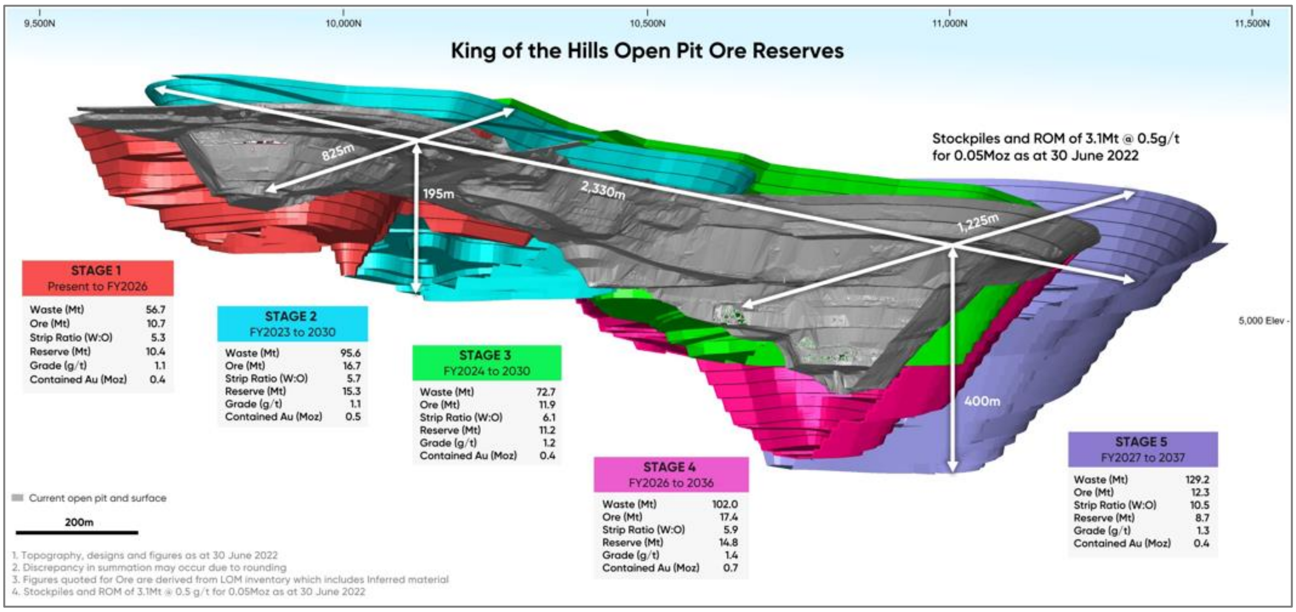


Figure 1: *KOTH Open Pit Ore Reserves and Mining Inventory at 30 September 2022.*

Resources and Reserves at Darlot

Red 5 delivered an updated Mineral Resource for the Darlot Gold Mine totalling 17.1Mt @ 3.4g/t Au for 1.84Moz of contained gold (representing a 25% increase in contained gold over the previous MRE as at 30 June 2021). The updated Resource was based on underground drilling completed over the past 12 months, updated geology and mapping, and an inaugural JORC 2012 MRE for the satellite Mission and Cable deposits.

The updated Darlot Ore Reserve Estimate as at 30 September 2022 totalled 1.3Mt @ 2.6g/t Au for 109koz of contained gold (Proved and Probable), reflecting mining depletion and including 21koz of contained gold in new mining areas at Middle Walters South, Metzke, Crown Pillar and Dar Cent.

JORC 2012 Mineral Resource and Ore Reserves

Red 5 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

(b) Siana Gold Project, Philippines

The Group divested its interests in the Philippine-affiliated company, Greenstone Resources Corporation (GRC), which holds the Siana Gold Project and the Mapawa Gold Project in the Philippines, in September 2021 to TVI Resource Development (Phils) Inc.

As part of the transaction, the Group is due a Net Smelter Return royalty of 3.25% payable for up to 619,000 ounces of gold, with an estimated future face value of US$36.0 million (based on a US$1,800/oz gold price). As per the accounting standards, the royalty represents a variable consideration and is treated as a contingent asset pending re-commencement of production at Siana, hence the royalty receivable is not recorded as at 30 June 2023.

Siana restarted operations in FY23. The first royalty from Siana was received in the second half of FY23, amounting to $0.4 million, which is included in other income.

(c) Corporate

The $175.0 million debt funding package supporting the construction and development of King of the Hills was fully drawn down in the prior year. Repayments of the debt funding package commenced in December 2022 and will be paid over four years. $47.3 million was repaid in the current year. $127.8 million of debt is remaining at 30 June 2023, with net debt of $81.9 million at 30 June 2023. Borrowing costs of $2.7 million were capitalised to the loan.

To support the ramp up of the new KOTH operations, Red 5 undertook two capital raisings during the year:

1. In October 2022, a $60.0 million two-tranche share placement and a $9.0 million Share Purchase Plan (SPP) for retail shareholders.
2. In March 2023, a $80.0 million two-tranche placement and $10.0 million SPP for retail shareholders.

Two key executive appointments were made during the year:

- Richard Hay was appointed as Chief Operating Officer, taking over from Jason Greive. Mr Hay is a seasoned geologist and a highly experienced mining executive with previous senior management and operational leadership roles at Evolution Mining, Barrick Gold and Gascoyne Resources. Before the appointment, Mr Hay had been working for Red 5 for six months, assisting with Darlot's transition to being a satellite underground mine to KOTH, allowing for a smooth transition.
- Patrick Duffy was appointed as Chief Financial Officer, taking over from John Tasovac. Mr Duffy is a Chartered Accountant with extensive commercial, financial and governance expertise having worked at Ernst & Young, Xstrata and Glencore. Mr Duffy was previously the Chief Corporate Development Officer of Red 5, and the roles were combined.

In July 2023, Red 5 made two important Board appointments with the appointment of a new 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.

(d) Sustainability

At Red 5, we are acutely aware of the unique challenges and responsibilities that come with operating in the mining industry. Our commitment to sustainability is not just a corporate slogan; it is a guiding principle that shapes our operations.

The following outlines our Sustainability Policy:

Environmental Stewardship Recognising the potential impacts of our operations on the environment, we are committed to responsibly managing the land and resources on which we depend and share with our neighbours and future generations. We will continue to adopt approaches to minimise water usage, prevent contamination and ensure safe disposal of waste, prioritising the health of the surrounding environment and our stakeholders.	**Workplace Health and Safety** The safety and well-being of our workforce are paramount. We have implemented rigorous safety protocols, regular training sessions, and health initiatives to ensure that our employees work in a safe and supportive environment.
Biodiversity Conservation Our operations are designed to minimise disruptions to local ecosystems where possible. We actively engage in rehabilitation activities and promote initiatives to ensure that local biodiversity is investigated, understood and managed for the best outcomes.	**Community Engagement** We believe in fostering strong, positive and engaging relationships with the communities in which we operate. This involves regular consultations, transparent communication, and initiatives aimed at ensuring that local communities benefit from our presence.

Greenhouse Gas Emissions Through continual improvement, we are actively working to reduce our carbon emissions generated through our production pipeline. The adoption of renewable energy sources, energy-efficient technologies, and carbon capture and storage solutions are allowing us to develop an understanding of the technologies available to the industry and how to incorporate those into the future of our operations.	**Ethical Governance and Anti-Corruption** We operate with the highest standards of integrity and transparency. Our governance structures are designed to prevent bribery, corruption, and other unethical practices, ensuring that we remain accountable to our stakeholders.
Economic Contributions Beyond our core operations, we are committed to contributing positively to the economies of the regions in which we operate. This includes providing fair wages, supporting local businesses, and investing in community development projects. Our operations will continue to develop, implement and maintain management systems centred on the responsible use of resources for future generations and with an appetite for continual improvement.	

(e) ESG Materiality

During FY23, we performed an internal review to determine if our ESG material topics were still relevant and if any new topics should be reflected. The evaluation resulted in the reorganisation and renaming of several material topics. The updated topics aim to further develop the focus on our relevant Sustainability impacts, capturing the expectations of our stakeholders and providing a framework for measuring success. We recognise that our material topics will evolve over time as the business grows and as our sustainability performance matures, and the framework will be improved accordingly. The full list of material topics is presented below.

Business Ethics	Employee Engagement	Waste Management
Approvals & Compliance	Community Relations	TSF Management
Human Rights	Cultural Heritage	Biodiversity
Occupational Health & Safety	GHG Management	Mine Closure & Land Rehabilitation
Human Capital	Water Management	

It is important to note that the revision of our material topics considered the guidelines outlined by the Global Reporting Initiative (GRI) and the industry-specific topics found within the SASB Metals and Mining standards. We aim to continue to build on our alignment with the SASB standards in the future.

(f) Workplace Health and Safety

The operational focus on safety field leadership during the reporting period has contributed to an improved safety performance at both the KOTH and Darlot sites. The continued improvement in safety performance reflects our focus on stabilising our workforce and transitioning to steady-state operations.

LTIFR (12-month): 0.50 (Lost Time Injury Frequency Rate)
TRIFR (12-month): 9.01 (Total Recordable Injury Frequency Rate)

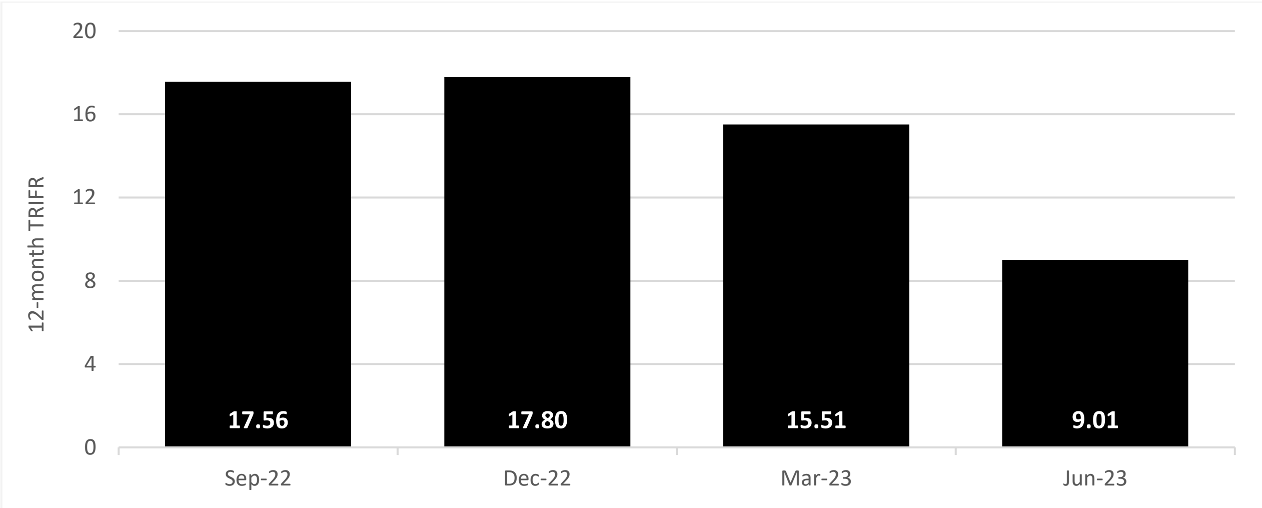


Figure 2: *FY23 TRIFR (12-month).*

(g) Regulations

Red 5 is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia.

Compliance with environmental obligations is monitored by the Risk and Environment Committee. There have been no significant environmental breaches during the year ended 30 June 2023.

3.2 FINANCIAL REVIEW

(a) ***Income statement***

Gold and silver sales for the reporting period totalled $422.7 million, with 164,974 gold ounces sold at an average price of $2,542 per ounce (2022: $165.0 million with 64,315 gold ounces sold at an average price of $2,526 per ounce). Cost of sales for the period of $394.6 million comprised of production costs, royalties, movement in stockpiles and depreciation charge.

The Group recorded a net loss after income tax for the year ended 30 June 2023 of $8.7 million in comparison to a net loss for the year ended 30 June 2022 of $28.6 million which included a gain on the sale of discontinued operations of $20.0 million.

(b) Balance sheet

Total assets increased by $93.1 million to $670.5 million at 30 June 2023. The increase in total assets was mainly driven by capitalised mine development and construction of Tailings Storage Facility 5 (TSF 5) at King of the Hills. Other movements included additional plant and equipment purchases, depreciation of operating assets and capitalised exploration costs.

Cash and cash equivalents were $20.1 million which, together with restricted cash of $15.7 million and bullion receivable of $10.1 million, amount to a cash and bullion balance (non-IFRS) of $45.9 million at 30 June 2023.

Total liabilities were $340.4 million, a decrease of $54.2 million from 30 June 2022. This was mainly driven by repayment of borrowings and a reduction in lease liabilities.

(c) Cash flow

During the year, cash and cash equivalents decreased by $12.4 million.

Cash inflows from operating activities for the year were $46.7 million. Cash receipts of $420.0 million reflect the sale of gold and associated by-products. This was offset by other net operating cash outflows of $373.3 million, driven by higher payments to suppliers and employees resulting from increased operational costs.

Net cash outflows from investing activities for the period were $126.2 million, reflecting expenditure of $95.8 million on development activities in all three mining operations, and purchases of property, plant and equipment amounting to $29.5 million, including the construction of TSF 5 at King of the Hills.

Net financing inflows of $67.2 million are primarily from the net proceeds of equity raisings of $152.1 million, offset by the repayment of borrowings for the King of the Hills plant construction of $47.3 million, payments of interest of $12.0 million and lease liability payments of $25.6 million.

4. DIVIDENDS

No amounts were paid by way of dividends since the end of the previous financial year (2022: Nil). At the time of this report, the Directors do not recommend the payment of a dividend.

5. OPTIONS GRANTED OVER SHARES

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

6. PERFORMANCE RIGHTS

At the date of this report, there were 57,029,435 performance rights convertible into ordinary fully paid shares.

	Number
Vesting date: 31 December 2023 (STIP rights subject to retention period)	2,343,313
Vesting date: 30 June 2023 (LTIP rights subject to performance conditions)	7,945,729
Vesting date: 30 June 2023 (PIO rights subject to performance conditions)	11,550,613
Vesting date: 30 June 2024 (LTIP rights subject to performance conditions)	18,410,000
Vesting date: 30 June 2025 (LTIP rights subject to performance conditions)	16,779,780
Total	**57,029,435**

A total of 7,945,729 performance rights (LTIP Rights) that were issued in 2021 to key management personnel, senior management and operating personnel are due to be cancelled following the non-achievement of performance conditions (being Total Shareholder Return outperformance against the All Ordinaries Gold Index and increases in ore reserves), measured over the three years ending 30 June 2023, and personnel exiting the company during the performance period.

In addition, 11,550,613 performance rights (PIO Rights) were issued in 2022 to key management personnel, senior management and operating personnel.

Upon vesting at 30 June 2023, 2,588,111 PIO Rights will be exercised into an equivalent number of ordinary fully paid shares in accordance with the terms of the Plan. The balance of the 8,962,502 PIO Rights will be forfeited due to factors including not achieving some PIO targets, Board discretion not to award all PIO rights and personnel exiting the company during the performance period.

7. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Director's and Officer' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

8. EVENTS SUBSEQUENT TO THE END OF THE YEAR

No events have arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the Directors, the ramp up of the KOTH Gold Mine to steady state production during the financial year has repositioned the Company as a significant new Australian gold miner, with a large, long-life gold mine in central Western Australia. The Company's focus in the short term is to maximise cash flow from the KOTH operations and reducing its existing debt.

Once a strong balance sheet is established, the Company will be in a stronger position to pursue growth initiatives at its operations and across its extensive tenement package, while beginning to consider non-organic growth opportunities.

10. BUSINESS STRATEGY AND PROSPECTS FOR FUTURE YEARS

(a) Business strategy

The Group's business strategy is firmly anchored in the Company vision of being a successful multi-operational exploration and mining company, providing benefits to all stakeholders, through the consistent application of technical excellence and responsible and sustainable industry practices.

With KOTH gold production now generating strong positive cash flows, the Company is looking forward to another transformational year as it takes further important steps to deliver on its strategy of becoming a substantial Australian gold producer. To achieve the strategy, the Company will focus on:

- Unlocking the full potential of the KOTH operation;
- Attracting and retaining an experienced leadership and operating team; and
- Enhancing balance sheet strength and scale to achieve growth through economic and commodity price cycles.

The substantial KOTH mineral resource and reserves underpin the future of Red 5, with the large KOTH bulk open pit providing the primary feed to the KOTH process plant, complemented by the additional higher-grade ore sources from the KOTH and Darlot underground mines. The longer-term strategy at KOTH is to extend the mine lives at its three gold mines and evaluate additional processing capacity beyond the current 5.5Mtpa throughput. The business plans associated with the strategy are in place, and the LOM plans demonstrate very robust future cash flows. The positive cash flow generated over a ~15-year mine life will position the Company in the future to evaluate and undertake strategic acquisitions that align with the goal of becoming a major regional gold producer.

(b) Material Business Risks

Red 5's business, operating and financial results and performance are subject to various risks and uncertainties, some of which are beyond the Company's reasonable control. Set out below are matters that the Directors consider relevant and that have the potential to impact the achievement of the business strategies. The matters identified are not necessarily listed in order of importance and are not intended as an exhaustive list of all business risks and uncertainties.

- External economic drivers (including macroeconomic, metal prices and exchange rates)
  - The Company is exposed to fluctuations in the Australian dollar gold price, which can impact future revenue streams. As a mitigation, the Company has a partial gold price hedging program to assist in offsetting variations in the Australian dollar gold price, providing price certainty over a fixed portion of future production.
  - The Company is exposed to global inflationary pressures across a range of input costs such as oil and gas, operating and maintenance parts and consumables and labour. As a mitigation, the company collaborates with its suppliers to identify ways to manage these cost pressures.
- Reserves and Resources:
  - The Mineral Resources and Ore Reserves for the Group's assets are estimates only in compliance with industry standards, and no assurance can be given that future production will achieve the expected tonnages and grades.
- Operational risks:
  - Drilling, mining and processing activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of a number of factors outside the Company's control. These include geological conditions, technical difficulties, securing and maintaining tenements, weather, residue storage and tailings storage facility failures and construction of efficient processing facilities. The operation may be affected by force majeure, fires, labour disruptions and availability, landslides, the inability to obtain adequate machinery, engineering difficulties and other unforeseen events. As with most mines, reserves, resources and stockpiles are based on estimates of grade, volume and tonnage. The accuracy and precision of these estimates will depend upon drill spacing and other information such as continuity, geology, rock density, metallurgical characteristics, mining dilution and costs, etc. which evolve as the mine moves through different parts of the ore body. Red 5 endeavours to take appropriate action to mitigate these operational risks (including by properly documenting arrangements with counterparties and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.
- Pandemics
  - Red 5 has continued to manage the Company's ongoing response to COVID-19 in cooperation with our contractors. The COVID-19 situation remains unpredictable, and the Company will continue to monitor and manage for potential impacts, particularly around labour availability.
  - The Company is maintaining a range of measures across its business consistent with advice from State and Federal health authorities and commensurate with the community risk profile. These measures help ensure the health and welfare of our employees and their respective communities.
- Legal compliance and maintaining title
  - The Company has systems and processes in place to ensure title to all its properties, but these can be subject to dispute or unforeseen regulatory changes.
- Climate Change
  - Changes to climate-related regulations and government policy have the potential to impact our future financial results. These changes may include the imposition of a carbon tax on carbon output or the implementation of new regulatory requirements for diesel or other fossil fuel consumption used in Red 5's operations.

- Capital and Liquidity
  - The Company has processes in place to monitor and manage its liquidity and capital structure to ensure sufficient funds are available to meet the Group's financial commitments. Red 5 has a single debt facility with external financiers.
- Health and Safety
  - Red 5 has implemented management systems which promote a strong safety culture and support a genuine commitment to keep its people and stakeholders safe and healthy. The Company's safety management practices are focused on a bottom-up approach supporting the organisational values.
- Environmental
  - The Company has environmental liabilities associated with its tenements. The Company monitors its ongoing environmental obligations and risks and implements preventative, rehabilitation and corrective actions as appropriate.
- Community relations
  - Red 5 has an established community relations function that includes principles, policies and procedures designed to provide a structured and consistent approach to community activities. Red 5 recognises that a failure to manage local community stakeholder expectations appropriately may lead to dissatisfaction, potentially disrupting production and exploration activities.

11. 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 $95,428 (2022: $44,546) for non-audit services. Further details of the remuneration of the auditors are set out in Note 27.

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.

12. 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.

13. ROUNDING

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

Signed in accordance with a resolution of the Directors.

Ian Macpherson
Audit Committee Chair

Perth, Western Australia
29 August 2023

Letter from the Chair of Board

Dear Shareholders,

I am pleased to present Red 5's Remuneration Report for the Financial Year to 30 June 2023 (FY23).

FY23 Performance Summary

The last 12 months have been significant for Red 5 with the establishment of King of the Hills as a major new gold processing hub in Western Australia, fed by three mines at King of the Hills and Darlot. For a significant portion of the year, the business has had to navigate the lasting impacts of the COVID pandemic, including related absenteeism, chronic labour skill shortages and supply chain delays.

Despite these challenges, Red 5 has achieved significant milestones, including meeting the upper end of production guidance for the second half of the financial year.

Remuneration Outcomes

When determining the FY23 remuneration outcomes, the Board has carefully considered the achievements made over the year in combination with the unforeseen factors that have impacted the Company. The Board believes the remuneration outcomes are reasonable (as outlined below) providing appropriate alignment between executive performance, shareholder returns and recognition of executive retention criticality over the next business phase. Refer to Section 12.5 for further details.

- **Total Fixed Remuneration (TFR):** the TFR for the Managing Director increased by **5%** (from **$687,500 to $725,000**) over the year. The other KMPs of CFO and COO were appointed during the current year. The KMP salaries were set to ensure market competitiveness based on external remuneration benchmarking analysis.

- **Short Term Incentive Plan (STI):** while the production gateway was not met, the Board exercised its discretion to award a 41% STI outcome to the COO to recognise his significant contribution during the year and the external factors which have contributed to the production gateway not being achieved. The STI to Mr Hay was settled in cash. No STI was awarded to the other KMPs. Refer to Section 12.5.2 for further details.

- **Long Term Incentive Plan (LTI):** Red 5 did not achieve either the total shareholder return or gold production performance gates for the three-year period ended 30 June 2023, resulting in a zero LTI remuneration outcome.

- **Project Incentive Opportunity (PIO):** Red 5 achieved 47% of the PIO outcomes, however the Board exercised its discretion in awarding a reduced PIO outcome to KMP's and other executives. This was settled in cash and shares as per the incentive plan. Refer to Section 12.5.3 for further details.

- **NED Fees:** there were no increases to the NED fees in FY23.

Changes to the Remuneration Framework

The Board regularly reviews our executive remuneration structure to ensure it continues to drive shareholder value and enables us to attract and retain the talent we need. Following a review undertaken in FY23, including input from external remuneration consultants, changes to the company's remuneration framework in FY24 are outlined below. Refer to Section 12.7 for details.

Removing the production gate for the STI: Based on a review of the current STI framework, including alignment with typical market practice, the Company has removed the STI production gateway for FY24. The Company recognises that production is a key business driver and contributor to shareholder value and currently applies an STI weighting of 20% to production targets. The Board is of the view that a production gateway for the entire STI programme is no longer appropriate.

Modifying LTI relative total shareholder return assessment from an index to a peer group: The Company recognises that the S&P/ASX All Ordinaries Gold Index (Index) previously used for assessing LTI vesting includes a broad spectrum of companies within the gold sector. The Index can be significantly influenced by the share price performance of the largest constituents.

To provide a stronger link between Company performance and executive reward, Red 5 has developed a list of peers which are considered directly comparable to Red 5 (e.g. based on size, stage of operations and geographical location of mines). It is the Board's view that the adoption of a specific peer group, rather than the Index, will provide a stronger alignment between the relative performance of Executives and shareholder value.

The Board is confident that Red 5's current and planned remuneration policies continue to support the financial and strategic goals of the business as a leading gold producer. We are committed to transparency and an ongoing dialogue with shareholders on remuneration. To this end, we have made changes to the 2023 Remuneration Report to improve the overall format and flow of information.

On behalf of the Board, I invite you to review the full report and thank you for your continued support of Red 5.

Sincerely

Russell Clark
Chair

Table of contents

This Remuneration Report (Report) outlines the remuneration arrangements in place for key management personnel (KMP) of Red 5 Limited (Red 5 or the Company) for the year ended 30 June 2023 (FY23) in accordance with the requirements of the Corporations Act 2001 and its Regulations. The Report contains the following main sections:

12.1 Who is covered by this Remuneration Report

For the purposes of this Report, KMP's are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, including any Director (whether Executive KMP or Non-Executive Director (NED) of Red 5.

The following were the KMP's of the Company at any time during the year ended 30 June 2023 and unless otherwise indicated, KMP for the entire period:

Name	Position	Term as KMP
Executive Director		
Mark Williams	Managing Director	Full year
Current Executive KMP		
Richard Hay	Chief Operating Officer	From 12 November 2022
Patrick Duffy	Chief Financial Officer	From 1 September 2022
Jason Grieve	Chief Operating Officer	Until 11 November 2022
John Tasovac	Chief Financial Officer	Until 31 August 2022
Non-Executive Directors		
Andrea Sutton	Acting Chair, Independent Non-Executive Director	Full year, acting chair from 13 March 2023.
Ian Macpherson	Independent Non-Executive Director	Full year
Colin Loosemore	Independent Non-Executive Director	Full year
Steven Tombs	Independent Non-Executive Director	Full year
Kevin Dundo	Chair, Independent Non-Executive Director	Resigned 12 March 2023
Fiona Harris	Independent Non-Executive Director	Resigned 6 December 2022

12.2 Remuneration Governance

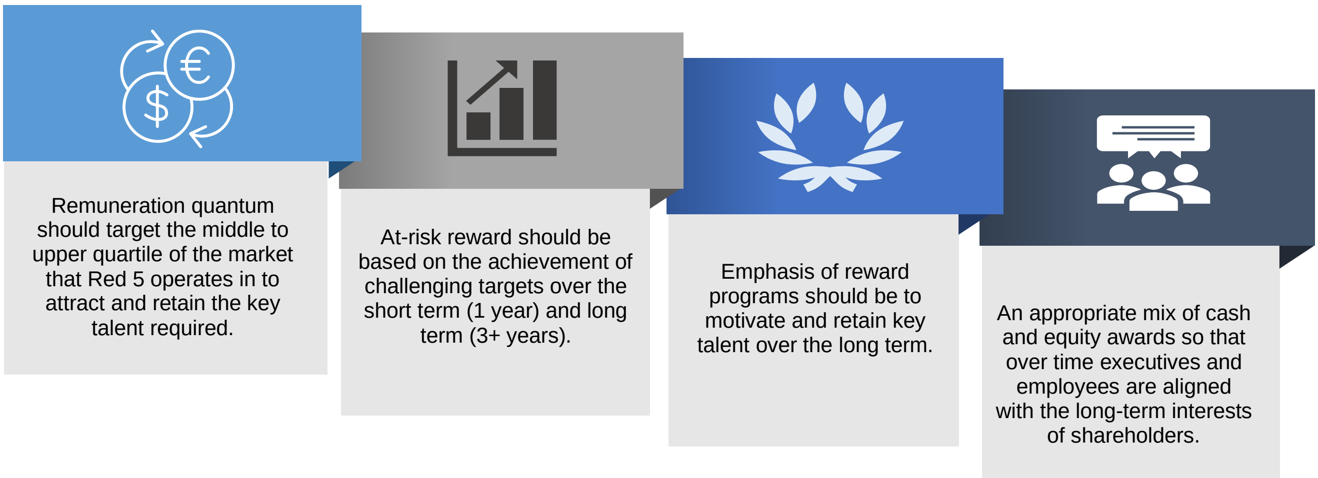
KMP remuneration decision making is directed by Red 5's remuneration governance framework as follows:

Board	Take an active role in the governance and oversight of Red 5's remuneration policies and have overall responsibility for ensuring that the Company's remuneration strategy aligns with Red 5's short- and long-term business objectives and risk profile.
Remuneration Committee (Committee)	Responsible for reviewing the remuneration arrangements for KMP and make recommendations to the Board including: ▪ reviewing remuneration levels and other terms of employment on an annual basis having regard to relevant market conditions, qualifications and experience of the KMP, and performance against targets set for each year where applicable. ▪ advising the Board on the appropriateness of remuneration packages / structures of the Company, given trends in comparative peer companies both locally and internationally, with

	the overall objective of ensuring maximum stakeholder benefit from the retention of a high calibre Board and executive team. The Committee's charter can be found on the Company's website at: www.red5limited.com/site/about-red5/corporate-governance
External Remuneration Consultants	To ensure the Committee is fully informed when making remuneration decisions, it may seek external, independent remuneration advice on remuneration related issues. During the year, the Committee engaged a consultant, The Reward Practice Pty Ltd, to provide remuneration services in respect to external benchmarking and general insights for executive incentive arrangements. Fees of $37,750 were incurred for services by The Reward Practice Pty Ltd in relation to the current financial year.
Share trading policy	Red 5's share trading policy prohibits a KMP (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.

12.3 Principles of Remuneration

Four principles guide Red 5's remuneration policies and practices:



Note NEDs do not receive performance-related remuneration or participate in any incentive plans.

12.4 Executive Remuneration Framework and Components

Executives receive fixed and variable remuneration consisting of short and long term incentive opportunities. Executive remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration guiding principles and market movements.

The following diagram presents a high-level summary of remuneration components for executive KMP's for FY23:

Fixed remuneration

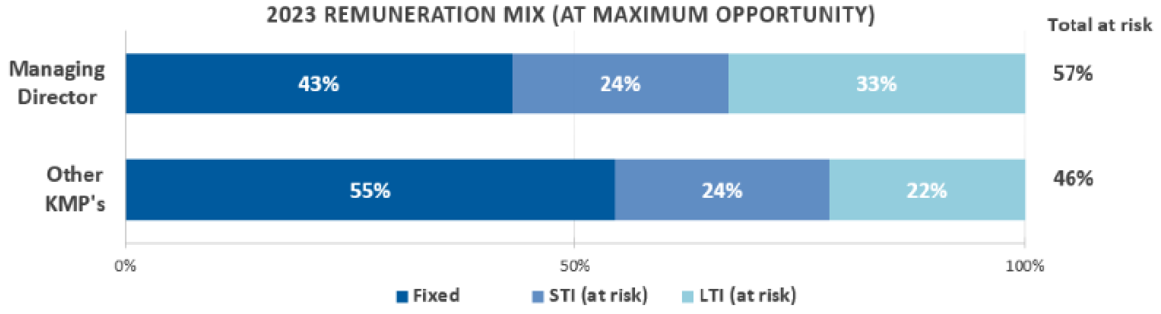
Base salary + superannuation + benefits

Variable remuneration

STI Plan		**LTI Plan**
Cash	**Service Rights** **(1 year)**	**Rights** **(3 years)**
50% financial performance **50% non-financial performance**		**70% relative TSR** **30% growth in reserves**

In addition, various minimum gateways are in place that need to be achieved to be awarded the variable remuneration component.

The following diagram sets out the mix for fixed and "at risk" remuneration for executive KMP at maximum opportunity level for FY23 based on the potential of a 100% vesting of STI and LTI. Note given the one-off nature of the PIO, it is excluded from the remuneration mix analysis.



Fixed remuneration

Fixed remuneration consists of base salary, superannuation and optional salary sacrifice benefits. It is designed to recognise the execution of business strategy and executives' qualifications, experience and accountability. It is set with reference to comparable roles in similar companies.

12.4.1 STI

The following table outlines the FY23 STI arrangements in detail:

What is the purpose?	▪ Reward executive KMP for the achievement of Red 5's annual targets linked to business strategy and shareholder value; ▪ Ensure that executives have commonly shared objectives related to the delivery of annual business plans; ▪ Encourage share ownership among senior roles; and ▪ Provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful on a short to medium term basis.
How is it paid?	STI awards are paid in 50% cash and 50% equity following the conclusion of the performance period. The 50% equity component is to be satisfied in Service Rights (subject to 12 or 18 months continued service).
What is the target incentive opportunity?	The STI target opportunity is set as a percentage of TFR. Subject to performance, the MD was entitled to an STI of up to 60% and other executive KMP's were entitled to an STI of up to 50%.
What is the performance period?	The STI is offered annually and is measured over a single financial year.
How is performance assessed?	An executive's actual award is based on meeting KPIs set in advance of the financial year. The KPIs comprise financial and non-financial objectives which directly align the individual's reward to the Company's annual business plans. The KPIs set for the FY23 awards were: ▪ **Company Financial:** budgeted EBITDA (20%) ▪ **Gold production:** across both Darlot and KOTH (20%) ▪ **Safety:** assessed by Total Recordable Injury Frequency Rate (TRIFR) and no fatalities (20%) ▪ **Cost management:** via All-in-Sustaining-Cost (AISC) per ounce (20%) ▪ **Individual effectiveness:** measured by Board or Managing Director (where applicable) (20%) KPIs are set at threshold, target, and stretch levels resulting in payout at 50%, 100% and 200% of the target opportunity.
What is the gateway?	An overall gateway of 90% of budgeted gold production level must be achieved before any award is made under the STI.

What vesting conditions / dealing restrictions apply to the equity components of the STI award?	Service Rights are granted following the performance period based on KPI outcomes and are intended to prevent the equity being sold for a period of 12 or 18 months. They vest into shares 12 or 18 months after the grant date based on continued employment with the Company (no further restriction period applies following the vesting). The purpose of deferral / restrictions is to manage the risk of short-termism inherent in setting short term objectives, promote sustainable value creation and build further alignment with shareholder interest.

12.4.2 LTI

The following table outlines the FY23 LTI arrangements in detail:

What is the purpose?	▪ To promote the alignment of interest between executives and shareholders through the holding of equity in the Company. As such, LTI awards are generally granted to executives and management who are able to influence the future of Red 5, and/or are in a position to contribute to shareholder wealth creation; ▪ Ensure that executives have commonly shared goals related to producing relatively high returns for shareholders; ▪ Encourage share ownership among senior roles; ▪ Provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful on a long-term basis; and ▪ Help retain employees, thereby minimising turnover and providing a stable workforce.
How is it paid?	LTI awards are paid in Performance Rights for nil cash consideration.
What is the LTI opportunity	The LTI opportunity is set as a percentage of TFR. Subject to performance, the MD was entitled to an LTI of up to 60% and other executive KMP were entitled to an LTI of up to 45%.
What is the performance period	The LTI is considered annually and is measured over a 3-year performance period.
How is performance assessed?	LTI awards are granted at the beginning of the performance period and vest based on: ▪ Total Shareholder Return (TSR) compared to that of S&P/ASX All Ordinaries Gold Index (70%); and ▪ Growth of the Company's proved and probable ore reserves (30%). Retesting after 12 months (following the end of the performance period) is available on the relative TSR hurdle.
What is the gateway?	The following gateway must be satisfied in order for the awards to vest: ▪ A positive TSR being achieved.
How the LTI vesting is determined?	LTI vesting is subject to the following sliding scale:

Relative TSR (70%)	
Performance level to be achieved	**Percentage vesting**
=< S&P/ASX All Ordinaries Gold Index (Index)	0%
Target: Outperform the Index by 10%	50%
Performance between Target and Stretch	Sliding scale vesting
Stretch: Outperform the Index by 20%	100%

Growth in ore reserves (30%)	
Performance level to be achieved	**Percentage vesting**
<15%	0%
Threshold =15%	25%
Target = 20%	50%
Stretch = > 35%	100%

What are the restrictions of the equity components of the LTI awards?	There are no further restrictions to the vested awards following the end of the performance period.

12.5 FY23 Executive Remuneration Outcomes

The following table summarises key measures of Company performance for FY23 and the previous four financial years:

Performance outcomes over the past five FYs					
	FY23	**FY22**	**FY21**	**FY20**	**FY19**
ASX share price at year end	$0.19	$0.25	$0.19	$0.20	$0.18
Profit/(loss) after income tax attributable to owners of the company for continuing operations ($'000)	(8,730)	(48,664)	(9,478)	4,544	(3,030)
Profit/(loss) after income tax attributable to owners of the company ($'000)	(8,730)	(28,615)	(43,245)	4,544	(3,030)
Dividends paid ($'000)	-	-	-	-	-
Underlying EBITDA[(a)] ($'000)	96,081	(4,258)	11,635	53,978	29,890

[(a)] Underlying EBITDA is a non-IFRS measure that is unaudited.

12.5.1 Fixed remuneration outcomes

Following the review of executive remuneration levels against relevant market comparators (with the benchmarking analysis provided by The Reward Practice Pty Ltd), the following table outlines total fixed remuneration (TFR) changes for executive KMP's in FY23:

FY23 Executive KMP Fixed Remuneration Outcomes		
	FY23 TFR	**FY22 TFR**
Mark Williams, Managing Director	$725,000	$687,500
Richard Hay, Chief Operating Officer (from 12 November 2022) [(a)]	$356,596	n/a
Patrick Duffy, Chief Financial Officer (from 1 September 2022) [(a)]	$373,562	n/a
Jason Greive, Chief Operating Officer (resigned 11 November 2022) [(a)]	$219,616	$550,000
John Tasovac, Chief Financial Officer (resigned 31 August 2022) [(a)]	$75,728	$440,000

[(a)] The remuneration of KMP's who were only a KMP for part of the year has been apportioned for the time that they were a KMP.

The Board will continue to monitor remuneration levels based on the factors set out in the executive remuneration framework.

12.5.2 FY23 STI outcome

Following the end of FY23, the gateway of 90% of budgeted gold production was not achieved due to several external factors that were not known when setting the STI targets. These factors include the continued disruptions by the COVID-19 pandemic on the Red 5 key operations and staffing levels, the increased labour market pressures across the WA gold mining industry, and the global breakdown in the supply chain of key parts and spares.

Within the above context, the Board carefully assessed the FY23 performance against set targets and exercised its discretion to proceed with a 40% of STI outcome for the Chief Operating Officer (COO). Note the STI for the Managing Director and Chief Financial Officer did not have discretion applied and received no STI. The STI award to the COO will be fully satisfied in cash.

The Board considered the exercise of discretion for the STI appropriate for the following reasons:

- Despite the unforeseen challenges in FY23, Red 5 had a solid year overall where the applicable Executives made significant contributions to meeting several important operational metrics (e.g. improvement in safety and turnaround in production in 2H FY23).
- As competition for executive talent within the mining industry remains extremely tight, the retention of key staff is considered a key priority for Red 5 over the coming years. The FY23 awards in Service Rights recognise executive achievement over the year whilst providing a retention mechanism to ensure the progression of key operational and strategic objectives in the following 12 months.

The following table outlines KPI performance outcomes for FY23:

FY23 Actual — Threshold — Target — Stretch

FY23 STI KPIs and Performance Outcomes

KPI	KPI Weighting	Performance Outcomes				STI Outcomes
			Threshold	Target	Stretch	
Group EBITDA ($m)	20%	Below threshold	154.4	172.0	189.2	-
Gold production across Darlot and KOTH (oz)	20%	Below threshold	170,100	189,000	207,900	-
TRIFR and no fatalities	20%	Achieved	16.5	15.0	13.5	20%
AISC ($)	20%	Below threshold	$2,025/oz	$1,841/oz	$1,656/oz	-
Individual effectiveness	20%	Achieved	50%	100%	200%	20%
90% of budgeted gold production level	Gateway	Not satisfied				
		STI performance outcomes (FY23 awards):				**40%**

Based on the above outcomes, the following provides further detail for the FY23 STI awards.

FY23 Executive KMP STI Award Outcomes

	Target STI Opportunity $	STI awarded %	STI outcomes $	Number of Service Rights awarded
Mark Williams	435,000	-	-	-
Richard Hay (commenced 12 November 2022)	215,123	40%	86,049[(a)]	-
Patrick Duffy (commenced 1 September 2022)	168,475	-	-	-
Jason Greive (resigned 11 November 2022)	-	-	-	-
John Tasovac (resigned 31 August 2022)	-	-	-	-
Total	**818,598**		**86,049**	**-**

(a) Mr Hay's STI award will be paid in cash.

12.5.3 FY23 Project Incentive Opportunity (PIO)

The Project Incentive Opportunity (PIO) was put in place in FY22 to be a 24 month plan focused on constructing and establishing Red 5's KOTH Mining and Processing Hub operations.

The following table outlines KPI performance outcomes for FY23:

FY22-23 Actual — Threshold — Target — Stretch

FY22-23 PIO Performance Hurdles and Outcomes

KPI	KPI Weighting	Performance Outcomes				PIO Outcomes
			Threshold	Target	Stretch	
Gold ounces produced - combined Darlot and KOTH (oz)	50%	Between Threshold and Target	225,000	250,000	275,000	22%
Ore processed (Kt) at KOTH	25%	Below Threshold	5,220	5,800	6,380	-

Development meters completed at Darlot (m)	25%	Stretch Achieved	6,300 7,000 7,700	25%
			Total:	**47%**

Whilst two of the three performance hurdles were met during the measurement period, the Board using its discretion capping the award for KMP's and other Executives to a maximum cash award of $55,000 and share award of 200,000 shares. The capping of awards was due to the company's overall performance over the period, which in the Board's opinion, resulted in a dilution of shareholder value.

Based on the above outcomes the following provides further detail for FY23 PIO awards.

FY23 Executive KMP PIO Award Outcomes

	Maximum PIO Opportunity $	PIO awarded %	PIO outcomes $	Shares awarded
Mark Williams	687,500	16%	55,000	200,000
Richard Hay (commenced 12 November 2022) [(a)]	194,446	47%	54,839	129,186
Patrick Duffy (commenced 1 September 2022)	338,000	33%	55,000	200,000
Jason Greive (resigned 11 November 2022)	500,000	-	-	-
John Tasovac (resigned 31 August 2022)	400,000	-	-	-
Total	**2,119,946**		**164,839**	**529,186**

(a) Mr Hay was not part of the original PIO awards program due to commencing employment after PIO rights were granted. However due to Mr Hay's significant contribution to the Company, he has been included in the PIO rights programme.

12.5.4 FY23 LTI outcome

Following the assessment of relevant performance hurdles over the three years ended 30 June 2023, no rights granted at the start of FY21 vested as Red 5 did not satisfy the two performance gates of a positive TSR over the measurement period, and 90% of budgeted gold ounces over the measurement period.

FY21-23 Actual — Threshold — Target — Stretch

FY21-23 LTI Performance Hurdles and Outcomes

KPI	KPI Weighting	Performance Outcomes		Vesting Outcomes
Relative TSR (against the S&P/ASX All Ordinaries Gold Index)	50%	Below threshold	<=Index >10% >20%	0%
Growth in ore reserves excluding 50% of acquired ore reserves	20%	Stretch met	15% 20% 35%	0%
AISC (as a percentage of operating costs per ounce of AISC)	20%	Below threshold	95% 90% 80%	0%
Safety compliance criteria (no fatalities, maintenance of the ISO14001 and ISO 18001 certifications, and year on year improvement in safety	10%	Below threshold	Threshold Target Stretch	0%
Gateways: - Positive TSR; and - 90% of budget gold production over the measurement period 1 July 2021 to 30 June 2023	Gateway	Both gateways not satisfied		0%
		Total level of LTI vesting (FY21-23 awards):		**0%**

Executive KMP – FY21-23 LTI Awards Vesting Outcomes					
Executive KMP	**Maximum LTI Opportunity $**	**Number of LTI Rights held**	**LTI Rights vested %**	**LTI Rights forfeited $**	**Number of LTI Rights forfeited**
Mark Williams	292,249	1,526,102	-	(292,249)	(1,526,102)
Richard Hay[(a)]	Not eligible				
Patrick Duffy[(b)]	90,652	516,535	-	(90,652)	(516,535)
Jason Greive	72,864	415,182	-	(72,864)	(415,182)
John Tasovac	105,024	598,425	-	(105,024)	(598,425)
Total	**560,789**	**3,056,244**	**-**	**(560,789)**	**(3,056,244)**

(a) Mr Hay was appointed Chief Operating Officer on 11 November 2022, subsequent to the performance rights being issued in FY21.

(b) Mr Duffy was awarded the performance rights while in his previous role as Chief Corporate Development Officer.

12.6 Non-Executive Directors' Remuneration

In accordance with current corporate governance practices, the structure for the remuneration of NEDs and executive KMP is separate and distinct. Shareholders approve the maximum aggregate fees payable to NEDs, with the current limit being $850,000 per annum.

12.6.1 FY23 Non-Executive Director Fee Policy

There were no increases to NED remuneration over FY23. The following table sets out the policy fee for NEDs for FY23 (exclusive of statutory superannuation of 10.5%).

Board and Committee Fees	Chair		Member	
	FY23	FY22	FY23	FY22
Board	$135,000	$135,000	$100,000	$100,000
Audit Committee	$15,000	$15,000	Nil	Nil
Remuneration and Nomination Committee	$10,000	$10,000	Nil	Nil
Risk and Environment Committee	$10,000	$10,000	Nil	Nil
Health, Safety and Community Committee	$10,000	$10,000	Nil	Nil

The Board may approve any consultancy arrangements (at a rate) for NEDs providing additional services outside their Board and/or Committee duties.

NEDs are not entitled to participate in performance-based incentive schemes. The Board may seek annual shareholder approval for a share plan, under which NEDs can elect to receive a portion of their fees in shares in Red 5.

All Directors are entitled to have premiums on indemnity insurance paid by Red 5. 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.

12.6.2 FY23 Non-Executive Director Statutory Remuneration Disclosures

The following table outlines the fees paid to NEDs in FY23 as prepared in accordance with the requirements of the Corporations Act 2001 and the relevant Australian Accounting Standards.

NED		Base fees	Committee Chair fees	Consulting fees	Super-annuation	Total
		$	$	$	$	$
Andrea Sutton, Acting Chair from 13 March 2023	FY23	100,000	10,000	-	11,550	121,550
	FY22	100,000	10,000	-	11,000	121,000
Ian Macpherson, NED	FY23	100,000	15,000	-	12,075	127,075
	FY22	100,000	15,000	-	11,500	126,500

NED		Base fees	Committee Chair fees	Consulting fees	Super-annuation	Total
		$	$	$	$	$
Colin Loosemore, NED	FY23	100,000	10,000	-	11,688	121,688
	FY22	100,000	10,000	-	11,000	121,000
Steven Tombs, NED	FY23	100,000	10,000	-	11,688	121,688
	FY22	100,000	10,000	-	11,000	121,000
Kevin Dundo, Chair until 12 March 2023	FY23	94,125	-	-	9,883	104,008
	FY22	135,000	-	-	13,500	148,500
Fiona Harris, NED until 6 December 2022	FY23	43,207	-	-	4,537	47,744
	FY22	6,319	-	-	663	6,982
TOTAL	**FY23**	**537,332**	**45,000**	**-**	**61,421**	**643,753**
	FY22	**541,319**	**45,000**	**-**	**58,663**	**644,982**

12.7 Planned Remuneration Approach for FY24

During FY23, the Company's executive remuneration framework was reviewed, considering shareholder feedback, market insights on incentive structure from external remuneration consultants and the Company's circumstances. As a result, the following key changes to executive remuneration arrangements are planned for FY24 to ensure a strong alignment with business need, shareholder feedback and contemporary market practice. Further details will be provided in the FY24 Remuneration Report.

Remuneration Element	FY24 Approach
TFR	▪ As per the Red 5 Remuneration Framework, the Remuneration Committee will review TFR levels and recommend necessary adjustments to the Board for approval. ▪ Any remuneration changes for KMP's during FY24 will consider independent market benchmarking outcomes, changes in executive responsibilities, and local trends in the market for executive talent.
STI	▪ **Remove production gateway:** This change reflects the market practice of peers and provides an enhanced alignment between executive performance and reward.
LTI	▪ **Change to the relative TSR assessment approach:** The Board has considered alternative methodologies of measuring TSR performance and adopted a selected peer group of comparable gold companies for FY24 instead of an Index. ▪ A list of peers directly comparable to Red 5 (e.g. based on size, stage of operations and geographical location of mines) will provide a more substantial alignment between the relative performance of Executives and shareholder value. ▪ The vesting methodology for the relative TSR metric remains unchanged (e.g. threshold performance set at median level).

12.8 Details of Remuneration

The following table discloses details of the nature and amount of each element of the remuneration paid to executive KMP for the year ended 30 June 2023 and 30 June 2022.

Executive remuneration		Short term				Long term				Total
		Cash salary[(a)]	Cash bonus	STI service rights[(e)]	Super-annuation	Annual and long service leave	PIO cash award	Performance rights expense[(f)]	Performance rights forfeited[(g)]	
		$	$	$	$	$	$	$	$	$
Executive Director										
Mark Williams	FY23	697,500	-	69,338	27,500	48,862	55,000	602,831	(515,872)	985,159
	FY22	660,000	-	-	27,500	74,416	-	658,559	(155,908)	1,264,567
Executive KMP's										
Richard Hay[(b)]	FY23	329,096	86,049[(c)]	-	27,500	18,583	54,839	21,961	-	538,028
	FY22	-	-	-	-	-	-	-	-	-
Patrick Duffy[(d)]	FY23	346,062	-	46,277	27,500	14,097	55,000	255,958	(198,230)	546,664
	FY22	-	-	-	-	-	-	-	-	-
Jason Greive[(b)]	FY23	205,037	-	-	14,579	10,889	-	104,126	(414,561)	(79,930)
	FY22	522,500	-	-	27,500	38,701	-	286,147	-	874,848
John Tasovac[(d)]	FY23	68,750	-	-	6,978	5,128	-	40,749	(320,252)	(198,647)
	FY22	412,500	60,000	-	27,500	32,978	-	314,754	(63,856)	783,876
TOTAL	**FY23**	**1,646,445**	**86,049**	**115,615**	**104,057**	**97,559**	**164,839**	**1,025,625**	**(1,448,915)**	**1,791,274**
	FY22	**1,595,000**	**60,000**	**-**	**82,500**	**146,095**	**-**	**1,259,460**	**(219,764)**	**2,923,291**

(a) Includes salary and any superannuation contributions above the concessional cap that are expensed.

(b) Mr Greive resigned as Chief Operating Officer on 11 November 2022. Mr Hay was appointed as Chief Operating Officer from 12 November 2022. His salary has been apportioned for this period and excludes his payroll prior to being a KMP.

(c) Mr Hay received a discretionary award by the Board of Directors for his contribution to the ramp-up of the King of the Hills operations.

(d) Mr Tasovac resigned as Chief Finance Officer on 31 August 2022. Mr Duffy was appointed as Chief Finance Officer from 1 September 2022. His salary has been apportioned accordingly for this period and excludes his payroll prior to being a KMP.

(e) No service rights were granted to KMP's for FY23 because the STI objectives were not achieved. However, service rights granted to KMP's for FY22 have been expensed during the current year.

(f) Relates to performance rights expense for the PIO, 2021, 2022 and 2023 series. The fair value at the grant date of Tranche A, which has market-based performance conditions, was estimated using a Monte Carlo simulation. The fair value at the grant date of Tranches B, C and D, which have market and non-market-based performance conditions, were valued using a single share price barrier model incorporating a Monte Carlo simulation.

(g) Performance rights that were issued to key management personnel, senior management and operating personnel in FY21 have been forfeited following the non-achievement of performance conditions measured over the three years ended 30 June 2023. In addition, PIO performance rights that were issued to key management personnel, senior management and operating personnel in FY22 have been partially forfeited following the partial achievement of performance conditions measured over the two years ended 30 June 2023.

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	
	2023	2022	2023	2022	2023	2022
Executive Director						
Mark Williams	79%	60%	7%	-	14%	40%
Non-Executive Directors						
Andrea Sutton	100%	100%	-	-	-	-
Ian Macpherson	100%	100%	-	-	-	-
Colin Loosemore	100%	100%	-	-	-	-
Steven Tombs	100%	100%	-	-	-	-
Kevin Dundo	100%	100%	-	-	-	-
Fiona Harris	100%	100%	-	-	-	-
Executives						
Richard Hay	70%	-	16%	-	14%	-
Patrick Duffy	71%	-	8%	-	21%	-
Jason Greive	100%	67%	-	-	-	33%
John Tasovac	100%	60%	-	8%	-	32%

12.9 Additional Remuneration Disclosures

12.9.1 Executive Service Contracts

Remuneration and other terms of employment for executive KMP's are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in STI and LTI plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below:

Executive KMP	Position	Terms of agreement	TFR including superannuation effective July 2022	Notice period	Termination benefit
Mark Williams	Managing Director	No fixed term	$725,000	3 months	12 months
Richard Hay[(a)]	Chief Operating Officer	No fixed term	$574,600	3 months	3 months
Patrick Duffy[(b)]	Chief Financial Officer	No fixed term	$450,000	3 months	3 months
Jason Greive[(a)]	Chief Operating Officer	No fixed term	$578,000	3 months	3 months
John Tasovac[(b)]	Chief Financial Officer	No fixed term	$442,000	3 months	6 months

(a) Mr Hay was appointed to the role of Chief Operating Officer effective from 12 November 2022 following the resignation of Mr Greive from the Company on 11 November 2022.

(b) Mr Duffy was appointed to the role of Chief Financial Officer effective from 1 September 2022 following the resignation of Mr Tasovac from the Company on 31 August 2022.

12.9.2 Options granted to key management personnel

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

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

12.9.3 Shareholdings of directors and key management personnel

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

2023	Balance at previous year reporting date	Received through vesting and exercise of PIO rights	Received through vesting and exercise of service rights	Other purchases/ disposals during the year	Balance at reporting date
Andrea Sutton	-	-	-	500,000	500,000
Mark Williams	15,860,891	-	-	187,500	16,048,391
Ian Macpherson	1,580,000	-	-	467,500	2,047,500
Colin Loosemore	10,108,190	-	-	-	10,108,190
Steven Tombs	2,719,579	-	-	-	2,719,579
Kevin Dundo	1,905,249	-	-	-	1,905,249[a]
Fiona Harris	-	-	-	-	-[a]
Richard Hay	-	-	-	-	-
Patrick Duffy	559,037	-	-	-	559,037
Jason Greive	2,081,136	-	-	-	2,081,136[a]
John Tasovac	756,906	-	-	-	756,906[a]
Total	**35,570,988**	**-**	**-**	**1,155,000**	**36,725,988**

[a] Balance held by the NED or KMP at the date that they left the Company.

12.9.4 Service rights held by KMP's under the STI

There were no new service rights awarded during the financial year due to the outcome not being achieved. Service rights held by KMP's relating to the previous performance measurement period are set out below:

KMP	Grant Date	Vesting Date	Fair Value at Grant Date	Granted	Exercised up to reporting date	Outstanding at reporting date
Mark Williams [a]	25-Oct-22	31-Dec-23	$104,007	671,013	-	671,013
Patrick Duffy [a]	09-Aug-22	31-Dec-23	$83,848	274,912	-	274,912

[a] Service Rights for Mr Williams and Mr Duffy were issued under the Red 5 FY22 Rights Plan. They have an 18 month service test and will vest on 31 December 2023 if they are still employees at that date.

12.9.5 Performance rights held by KMP's under the LTI

The number of performance rights in Red 5 held as at the date of this report by executive KMP's are set out below:

KMP	Balance at prior year reporting date	Received through issuing of LTI performance rights [a]	LTI Performance rights vested and exercised [b]	PIO rights vested and exercised [c]	LTI Performance rights and PIO rights forfeited [d]	Balance at reporting date
Mark Williams	5,303,575	2,358,712	-	(200,000)	(2,837,091)	4,625,196
Patrick Duffy	2,187,963	993,684	-	(200,000)	(1,059,392)	1,922,255
Jason Greive [d]	2,887,709	-	-	-	(2,887,709)	-
John Tasovac [d]	2,576,447	-	-	-	(2,576,447)	-
Total	**12,955,694**	**3,352,396**	**-**	**(400,000)**	**(9,360,639)**	**6,547,451**

[a] [b] [c] The following tables provide further details regarding Rights on foot.
[d] Mr Greive and Mr Tasovac left the Company during the year and are not eligible to be awarded the performance rights.

(a) FY23 LTI Performance Rights– Managing Director and KMP (Expiry date: 30 June 2025)					
	Tranche A		**Tranche B**		**Total**
Managing Director	1,651,098		707,614		**2,358,712**
Other KMPs:					
Patrick Duffy	695,579		298,105		**993,684**
Value per right	$0.142		$0.159		
Valuation per tranche	**$333,228**		**$159,909**		**$493,137**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (proved and probable), excluding 50% of acquired Ore Reserves		In addition, vesting of the performance rights is also conditional on a positive Company TSR for the measurement period.
	TSR > Index TSR +20%	100%	Stretch: 35% or over	100%	
	TSR > Index TSR +10%	50%	Target: 20%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	
			< 15%	nil	

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

Tranche 2 Rights have non-market vesting conditions, but the inclusion of a positive TSR gate represents a market-based vesting condition, and as such, the Tranche 2 Rights have been valued using a hybrid single barrier option pricing model. The model incorporates a Monte Carlo simulation, which simulates the Company's share price at the test date. The forecast share price at the test date is then used to calculate the value of the Tranche 2 Rights. The average value of the Monte Carlo iterations where the Company's share price exceeds the barrier represents the value of the Tranche 2 Rights.

(b) Rights with market based and non-market based vesting conditions can only be exercised following the satisfaction of their exercise conditions. In accordance with the terms of the Red 5 Rights Plan, performance rights were not issued to key management personnel and senior management due to non-achievement of performance conditions measured over the three years ended 30 June 2023 in respect of the LTI performance rights.

(c) PIO Performance Rights are partially awarded as per the PIO Rights Plan.

(d) Performance rights with unmet performance conditions will lapse and be forfeited. In addition, performance rights for employees who have resigned from the company will be forfeited.

Share based payments expense for the shares issued, service and performance rights for KMP's was $1,141,240 (2022: $1,259,460). The fair value is based on the observable market share price at the grant date.

Details of the performance rights issued previously:

FY22 LTI Performance Rights– Managing Director and KMP (Expiry date: 30 June 2024)			
	Tranche A	**Tranche B**	**Total**
Managing Director	1,586,539	679,945	**2,266,484**
Other KMPs:			
Patrick Duffy	650,000	278,571	**928,571**
Value per right	$0.217	$0.280	

FY22 LTI Performance Rights– Managing Director and KMP (Expiry date: 30 June 2024)

	Tranche A		Tranche B		Total
Valuation per tranche	**$485,329**		**$268,384**		**$753,713**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index		Growth in the Company's Ore Reserves (proved and probable), excluding 50% of acquired Ore Reserves		In addition, vesting of the performance rights is also conditional on the following being exceeded: 1. A positive Company TSR for the measurement period; 2. 90% of budgeted gold production over the measurement period.
	TSR > Index TSR +20%	100%	Stretch: 35% or over	100%	
	TSR > Index TSR +10%	50%	Target: 20%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	
			< 15%	nil	

12.9.6 Transactions with Key Management Personnel and their related parties

The NEDs Andrea Sutton, Kevin Dundo and Ian Macpherson invoiced for their directors' fees through their private companies. They were not separate entities that provided consulting services to the Company. NEDs Colin Loosemore, Steven Tombs and Fiona Harris were paid directors fees through the Company's payroll. Ms Sutton, Mr Dundo, Mr Macpherson, Mr Loosemore, Mr Tombs, and Ms Harris met the definition and maintained their status as independent NEDs, thus retaining objectivity and their ability to meet their oversight role.

End of Audited Remuneration Report

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

To the Directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Red 5 Limited for the financial year ended 30 June 2023 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

Jane Bailey

Jane Bailey
Partner
Perth
29 August 2023

Consolidated Statement of PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	CONSOLIDATED 30 June 2023 $'000	30 June 2022 $'000
Sales revenue	4(a)	422,745	164,962
Cost of sales	4(b)	(394,620)	(196,049)
Gross (loss)/profit		**28,125**	**(31,087)**
Other income and expenses			
Other income	4(c)	811	208
Administration and other expenses	4(d)	(8,825)	(13,371)
Exploration expenditure	12	(7,181)	(2,522)
Financing income	5(a)	61	8
Financing expenses	5(b)	(21,721)	(2,815)
Total other income and expenses		**(36,855)**	**(18,492)**
(Loss)/profit before income tax expense		**(8,730)**	**(49,579)**
Income tax benefit/(expense)		-	915
Net (loss)/profit from continuing operations		**(8,730)**	**(48,664)**
Profit/(loss) from discontinued operation (net of tax)	23	-	20,049
Net (loss)/profit after income tax for the year		**(8,730)**	**(28,615)**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(54)	631
Reclassified to profit or loss on sale of subsidiary		-	(26,504)
Cashflow hedge movements		-	(1,444)
Total comprehensive profit for the year		**(8,784)**	**(55,932)**
Net (loss)/profit after income tax attributable to:			
Non-controlling interest		-	(86)
Members of parent entity		(8,730)	(28,529)
		(8,730)	**(28,615)**
Total comprehensive profit attributable to:			
Non-controlling interest		-	(83)
Members of parent company		(8,784)	(55,849)
		(8,784)	**(55,932)**
(Loss)/profit per share attributable to shareholders		**Cents**	**Cents**
Basic and diluted earnings/(loss) per share	6	(0.31)	(1.21)
Basic and diluted earnings/(loss) per share – continuing operations	6	(0.31)	(2.06)

The accompanying notes form part of these financial statements.

	Note	CONSOLIDATED 30 June 2023 $'000	30 June 2022 $'000
Assets			
Current Assets			
Cash and cash equivalents	7	20,112	32,526
Trade and other receivables	8	28,973	19,025
Inventories	9	76,550	41,415
Total Current Assets		**125,635**	**92,966**
Non-Current Assets			
Property, plant and equipment	10	289,329	303,378
Mine properties	11	228,498	131,416
Exploration and evaluation assets	12	10,767	41,133
Trade and other receivables	8	8,168	8,180
Inventories	9	7,911	-
Intangible assets		169	292
Total Non-Current Assets		**544,842**	**484,399**
Total Assets		**670,477**	**577,365**
Liabilities			
Current Liabilities			
Trade and other payables	13	63,683	64,174
Financial liability	17	21,854	19,376
Provisions	14	447	1,296
Employee benefits	15	7,130	8,316
Lease liabilities	16	18,557	18,490
Total Current Liabilities		**111,671**	**111,652**
Non-Current Liabilities			
Financial liability	17	104,286	152,894
Provisions	14	59,239	47,681
Employee benefits	15	797	739
Lease liabilities	16	64,413	81,604
Total Non-Current Liabilities		**228,735**	**282,918**
Total Liabilities		**340,406**	**394,570**
Net Assets		**330,071**	**182,795**
Equity			
Contributed equity	21	596,668	443,160
Other equity	21	930	930
Reserves	22	8,168	6,918
Accumulated losses		(275,678)	(268,196)
Total Equity Attributable to Equity Holders of the Company		**330,088**	**182,812**
Non-controlling interests		(17)	(17)
Total Equity		**330,071**	**182,795**

The accompanying notes form part of these financial statements.

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY							
	Issued capital	Accumulated losses	Other equity	Foreign currency translation reserve	Hedging reserve	Share-based payments	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**443,160**	**(268,196)**	**930**	**433**	**-**	**6,485**	**(17)**	**182,795**
Net profit/(loss) for the year	-	(8,730)	-	-	-	-	-	(8,730)
Foreign currency translation	-	-	-	(54)	-	-	-	(54)
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	(8,730)	-	(54)	-	-	-	(8,784)
Issue of ordinary shares	158,904	-	-	-	-	-	-	158,904
Share issue expenses	(6,838)	-	-	-	-	-	-	(6,838)
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)	-	-	-	-	-	3,994	-	3,994
Balance at 30 June 2023	**596,668**	**(275,678)**	**930**	**379**	**-**	**7,789**	**(17)**	**330,071**
Balance at 1 July 2021	**442,626**	**(239,797)**	**930**	**26,309**	**1,444**	**3,274**	**(3,910)**	**230,876**
Net profit/(loss) for the year	-	(28,529)	-	-	-	-	(86)	(28,615)
Other comprehensive (loss)/ income for the period								
Foreign currency translation	-	-	-	628	-	-	3	631
Reclassified to profit or loss	-	-	-	(26,504)	-	-	-	(26,504)
Ineffective portion of cash flow	-	-	-	-	(1,444)	-	-	(1,444)
Total comprehensive income/ (loss) for the period	-	(28,529)	-	(25,876)	(1,444)	-	(83)	(55,932)
Vested performance rights (LTI)	449	-	-	-	-	(449)	-	-
Service and deferred rights (STI)	85	-	-	-	-	(85)	-	-
Performance rights (LTI) forfeited	-	-	-	-	-	(296)	-	(296)
Share based payments (LTI & STI)	-	-	-	-	-	4,171	-	4,171
Transfer from reserves	-	130	-	-	-	(130)	-	-
Disposal of subsidiary	-	-	-	-	-	-	3,976	3,976
Balance at 30 June 2022	**443,160**	**(268,196)**	**930**	**433**	**-**	**6,485**	**(17)**	**182,795**

The accompanying notes form part of these financial statements.

	Note	CONSOLIDATED 30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Cash received from customers		420,013	158,606
Payments to suppliers and employees		(366,325)	(157,055)
Payments for exploration and evaluation		(7,181)	(2,522)
Sundry receipts		473	223
Interest received		61	8
Interest paid		(376)	(791)
Net operating cash flows used in discontinued operations	23	-	(828)
Net cash from/(used in) operating activities	7	**46,665**	**(2,359)**
Cash flows from investing activities			
Payments for property, plant equipment and intangibles		(29,499)	(94,844)
Payments for mine development		(95,786)	(82,729)
Payments for exploration and evaluation		(880)	(3,998)
Disposal of discontinued operation, net of cash	23	-	21,467
Net cash used in investing activities		**(126,165)**	**(160,104)**
Cash flows from financing activities			
Proceeds from issue of shares		158,904	-
Payments for share issue transaction costs		(6,838)	-
Proceeds from borrowings	17	-	175,000
Repayment of loans	17	(47,250)	-
Receipt from restricted cash		-	13,000
Payments of borrowing costs and interest		(12,021)	(2,730)
Payments of lease liabilities		(25,616)	(8,409)
Net cash from financing activities		**67,179**	**176,861**
Net (decrease)/increase in cash and cash equivalents		**(12,321)**	**14,398**
Cash at the beginning of the period		32,526	17,415
Effect of exchange rate fluctuations on cash held		(93)	713
Cash and cash equivalents at the end of the period	7	**20,112**	**32,526**

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 Consolidated Financial Report for the year ended 30 June 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.

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 29 August 2023.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and certain other financial assets and liabilities which are required to be measured at fair value. Share based payments are measured at fair value. The methods used to measure fair values of share based payments are discussed further in the Note 26. Rehabilitation provisions are based on net present value and are discussed in Note 14.

2.3 Functional and presentation currency

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

2.4 Rounding

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

2.5 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 30.

2.6 Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by the Company as at 30 June 2023 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

2.7 Foreign currencies

Foreign currency transactions:

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

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
AUD	**2023**	**2022**	**2023**	**2022**
Philippine Peso	37.55	37.19	36.83	37.91
USD	0.67	0.72	0.66	0.69

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.

2.8 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

2.9 Impairment

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

Calculation of recoverable amount

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

2.10 Key estimates and judgements

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

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

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.

- *Inventories: refer note 9*
- *Mine properties: refer note 11*
- *Rehabilitation and mine closure provisions: refer note 11*
- *Reserves and resources: refer note 11*
- *Capitalised exploration and evaluation assets: refer note 12*
- *Discontinued operations and assets held for sale: refer note 23*
- *Share based payment transactions: refer note 26*

Impairment of Assets:

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

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

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

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.

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 new KOTH process plant declared commercial production on 16 December 2022, and is now operating well above design throughput levels.

The development of the KOTH Project was partly funded via a Project Financing Facility provided by Macquarie Bank, BNP Paribas and Hongkong Shanghai Banking Corporation. Operations has been cash flow positive since March 2023, putting Red 5 in a solid position to continue to de-leverage and strengthen the balance sheet for the future. The Company's current asset position improved by $64.1 million during the second half of the year. Management has prepared a cash flow forecast for the next twelve months, which anticipates that the Group will be able to pay its debts as and when they fall due during that period.

Risk factors that may affect the going concern assumption are adverse fluctuations in the gold price, rising operational costs, and difficulties in achieving the budgeted throughput of the mill.

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

Some of the criteria used to identify the production start date include, but are not limited to:
- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

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

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. In the prior year, Red 5 disposed of its previous Philippine assets.

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]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2023				
Revenues[c]	422,745	-	-	**422,745**
	422,745	**-**	**-**	**422,745**
Segment result before tax	**9,480**	**-**	**(18,210)**	**(8,730)**
Included within the segment result:				
Other income	445	-	366	**811**
Interest income	9	-	52	**61**
Finance expenses	(8,549)	-	(13,172)	**(21,721)**
Exploration costs expensed	(7,181)	-	-	**(7,181)**
Depreciation and amortisation	(82,820)	-	(331)	**(83,151)**
Year ended 30 June 2022				
Revenues[c]	164,962	-	-	**164,962**
	164,962	**-**	**-**	**164,962**
Segment result before tax	**(38,089)**	**20,049**	**(11,490)**	**(29,530)**
Included within the segment result:				
Other income	208	-	-	**208**
Interest income	2	-	6	**8**
Finance expenses	(1,797)	-	(1,018)	**(2,815)**
Exploration costs expensed	(2,522)	-	-	**(2,522)**
Depreciation and amortisation	(42,188)	-	(326)	**(42,514)**
Profit/(loss) from discontinued operation	-	20,049	-	**20,049**

(ii) Segment Assets

	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2023				
Segment assets	**648,311**	**-**	**22,166**	**670,477**
Additions to non-current assets:				
Plant and equipment expenditure	31,007	-	81	**31,088**
Mine properties	95,786	-	-	**95,786**

	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2022				
Segment assets	**546,992**	**-**	**30,373**	**577,365**
Additions to non-current assets:				
Plant and equipment expenditure	198,540	-	4	**198,544**
Mine properties	82,729	-	-	**82,729**
Intangible assets	14	-	103	**117**

(iii) Segment liabilities

	Australia [a]	Philippines (discontinued)	Other [b]	Total
	$'000	$'000	$'000	$'000
As at 30 June 2023				
Segment liabilities	**204,028**	**-**	**136,378**	**340,406**
As at 30 June 2022				
Segment liabilities	**215,484**	**-**	**179,086**	**394,570**

(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

Accounting policy

Gold sales:

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

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

Gold forward contracts:

As part of the risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated gold sales. The counterparty to the gold forward contracts is BNP Paribas, Australia Branch, the Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited ("MBL") (the counterparties).

It is management's intention to settle each contract through physical delivery of gold and as such, the gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes. This is referred to as the "normal purchase/sale" exemption. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to the counterparties.

	CONSOLIDATED YEAR ENDED	
	30 June 2023	30 June 2022
	$'000	$'000
(a) Revenue		
Gold and silver sales	422,745	162,899
Realised gains/(losses) on cash flow hedges	-	2,063
	422,745	**164,962**

(b) Cost of sales		
Operating costs	(311,875)	(153,934)
Depreciation and amortisation mine assets [(1)]	(82,745)	(42,115)
	(394,620)	**(196,049)**

[(1)] 2022: With Darlot underground transitioning to a satellite mine providing ore to King of the Hills, accelerated depreciation and impairments for the Darlot Process Plant (in care and maintenance) were booked during the prior year totalling $22.6 million.

(c) Other income		
Royalty income	366	-
Other income	445	208
	811	208

(d) Administration and other expenses		
Employee and consultancy expenses	(2,873)	(5,750)
Share based-payments expense	(3,994)	(4,171)
Corporate costs	(750)	(1,547)
Depreciation	(406)	(399)
Legal fees	(224)	(379)
Property and other indirect tax expenses	(217)	(931)
Travel and accommodation	(134)	(205)
Foreign exchange (losses)/gains	(26)	647
Other expenses	(201)	(636)
	(8,825)	**(13,371)**

5. FINANCE INCOME AND EXPENSES

Accounting policy

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. Interest incurred on loans for the construction of a qualifying asset is capitalised to the qualifying asset.

	CONSOLIDATED YEAR ENDED	
	30 June 2023 $'000	**30 June 2022 $'000**
(a) Finance income		
Interest income	61	8
	61	**8**
(b) Finance expenses		
Interest expense on borrowings and leases	(18,881)	(1,867)
Amortisation of borrowing costs	(1,120)	(90)
Unwinding of discount on rehabilitation provision	(1,720)	(858)
	(21,721)	**(2,815)**

6. EARNINGS PER SHARE

Accounting policy

Earnings per share (“EPS”) is the amount of post-tax profit or loss attributable to each share. The Group presents basic and diluted EPS data for ordinary shares.

Basic 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, being unlisted employee performance and service rights on issue.

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$’000	$’000
Net (loss)/gain after income tax from continuing operations attributable to members of the parent company	(8,730)	(48,578)
Net gain after income tax from discontinued operations	-	20,049
Net (loss)/profit after income tax attributable to members of the parent company	**(8,730)**	**(28,529)**

Weighted-average number of ordinary shares (basic):	CONSOLIDATED	
	Weighted average number of shares	
	2023	2022
Opening issued ordinary shares (‘000)	2,356,359	2,346,322
Effect of shares issued 4 July 2022	409	-
Effect of shares issued 28 August 2022	4,535	-
Effect of shares issued 10 October 2022	256,279	-
Effect of shares issued 2 November 2022	36,746	-
Effect of shares issued 28 November 2022	12,179	-
Effect of shares issued 2 March 2023	138,876	-
Effect of shares issued 13 April 2023	16,032	-
Effect of shares issued 18 April 2023	35,210	-
Effect of shares issued 21 August 2021	-	8,353
Effect of shares issued 7 September 2021	-	266
Weighted average number of ordinary shares at 30 June (basic)	**2,856,625**	**2,354,941**
(i) Weighted-average number of ordinary shares (basic):	2,856,625	2,354,941
Effect of performance rights contingently issuable	-	-
Effect of service rights contingently issuable	-	-
Weighted average number of ordinary shares at 30 June (diluted)	**2,856,625**	**2,354,941**
Earnings per share (cents per share)		
Basic and diluted (loss)/profit per share	(0.31)	(1.21)
Basic and diluted (loss)/profit per share – continuing operations	(0.31)	(2.06)

For fully diluted (loss)/profit 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. Since the Group has a net loss after tax for the period, potentially dilutive securities amounting to 36,229,340 have not been taken into account because their effect would be anti-dilutive.

Operating assets and liabilities

7 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. Cash at bank earns interest at floating rates based on bank deposit rates.

	CONSOLIDATED	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Cash at bank [(a)]	20,111	32,525
Cash on hand	1	1
	20,112	**32,526**

[(a)] The Group is required to maintain a minimum cash balance of $7.5 million in its account at Hongkong and Shanghai Bank Corporation Limited. Prior year cash at bank also included $13.0 million funds for the construction of the tailings storage facility at King of the Hills which the financiers required to be set aside for this purpose.

Reconciliation of profit after income tax to net cash flow from operating activities:	CONSOLIDATED	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Operating (loss)/profit after income tax	**(8,730)**	**(28,615)**
Profit on sale discontinued operation	-	(21,225)
Amortisation and depreciation	83,151	42,514
Ineffective portion of cashflow hedges	-	(2,063)
Deferred tax	-	(915)
Share based payment	3,994	3,875
Interest expenses	19,257	326
Write down of obsolete inventory	769	4,699
Write down of gold-in-circuit inventory	2,133	7,934
Non-cash stockpile movements	(12,610)	(522)
Unwinding of asset retirement obligation	1,720	858
Amortisation of borrowing costs	1,120	90
Other	741	861
Changes in operating assets and liabilities:		
(Increase)/decrease in inventories	(35,135)	(14,843)
(Increase)/decrease in receivables	(9,948)	(1,664)
Increase/(decrease) in payables	2,238	7,192
(Decrease)/increase in provisions	(2,035)	(861)
Net cash flow from operating activities	**46,665**	**(2,359)**

8 TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are carried at amortised cost. Trade receivables are non-interest bearing.

	CONSOLIDATED	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Current assets		
Trade debtors [(a)]	10,933	8,158
Restricted cash [(b)]	7,500	7,500
Prepayments	5,273	988

GST receivable	4,656	2,138
Sundry debtors	611	240
Interest receivable	-	1
	28,973	**19,025**
Non-current assets		
Security deposits [c]	8,162	8,177
VAT receivable	6	3
	8,168	**8,180**

[a] Trade debtors includes amounts receivable for 3,563 ounces sold on 30 June 2023, equivalent to $10.1 million (30 June 2022: 2,794 ounces equivalent to $7.4 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 includes a bank guarantee in place over a leased asset.

9 INVENTORIES

Accounting policy

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.

	CONSOLIDATED	
	30 June 2023 $'000	**30 June 2022 $'000**
Current inventory		
Stores, spares and consumables at cost	20,810	12,641
Provision for slow-moving stores, spares and consumables[a]	(6,151)	(5,382)
	14,659	7,259
Run of mine stockpiles at net realisable value (2022: net realisable value)[b]	52,236	22,245
Gold in circuit at net realisable value (2022: net realisable value)[b]	6,326	9,816
Crushed ore stockpile at cost (2022: net realisable value)[b]	3,329	1,943
Gold Bullion at cost	-	152
	76,550	**41,415**
Non-current inventory		
Run of mine stockpiles at net realisable value	7,911	-
	7,911	**-**

[a] During the period the provision for slow-moving stores, spares and consumables inventory at the Darlot mine was increased to $0.6 million (30 June 2022: $5.4 million).

[b] Net realisable value adjustments of $5.9 million were made during the year (30 June 2022: $5.9 million).

10 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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

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

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

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

Right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses. They are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use assets are depreciated over the useful life of the underlying asset.

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

	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 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**
Balance at 1 July 2021	10,648	48,902	369	27,156	102,281	189,356
Additions[a]	24,315	70,859	302	99,473	3,595	198,544
Transfer from assets under construction	207	96,214	6	10	(99,300)	(2,863)
Balance at 30 June 2022	**35,170**	**215,975**	**677**	**126,639**	**6,576**	**385,037**
Accumulated depreciation						
Balance at 1 July 2022	(7,507)	(49,286)	(288)	(24,578)	-	(81,659)
Depreciation for the period	(3,543)	(20,402)	(161)	(21,031)	-	(45,137)
Balance at 30 June 2023	**(11,050)**	**(69,688)**	**(449)**	**(45,609)**	**-**	**(126,796)**
Balance at 1 July 2021	(5,830)	(31,082)	(223)	(15,407)	-	(52,542)
Depreciation for the year[b]	(1,677)	(18,204)	(65)	(9,171)	-	(29,117)
Balance at 30 June 2022	**(7,507)**	**(49,286)**	**(288)**	**(24,578)**	**-**	**(81,659)**
Carrying amounts						
At 1 July 2021	4,818	17,820	146	11,749	102,281	136,814
At 30 June 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**

[a] During the year ended 30 June 2023 additions includes sustaining capital and the newly constructed tailing storage facility at KOTH.

[b] With the Darlot underground transitioning to a satellite mine to provide ore to KOTH, and the Darlot process plant being placed into care and maintenance in July 2022, accelerated depreciation of $10.0 million was recognised in FY22.

11 MINE PROPERTIES

Accounting policy

Production stripping costs and Other mine development:

Pre-Production: Costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs, with the exception of any costs relating to the pre-production sale of products which is expensed to the Statement of Profit or Loss. These include pre-strip costs which are costs incurred in open pit mining operations, to remove overburden and waste materials to access the ore. The Group capitalises stripping costs incurred during the development of a mine as part of the investment in constructing the mine.

All capitalised development costs incurred within that area of interest are carried at cost. They are amortised from the commencement of commercial production over the productive life of the project according to the mine plan, on a units-of-production basis, where the unit of account is tonnes of ore mined.

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

Deferred waste mining costs: Stripping costs incurred after the commencement of production are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are capitalised, if the following criteria is met:

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

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

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

Asset retirement obligation:

Asset retirement obligation represents the estimated future cost of closure and rehabilitation of the mine site. It is amortised over the life of the mine. Changes in the asset retirement obligation (also referred to as a rehabilitation provision, refer note 14) resulting from changes in the size or timing of the cost or from changes in the discount rate are also recognised as part of the asset cost.

Mineral rights:

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

	Production stripping costs	Other mine development	Asset retirement obligation	Mineral rights	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance at 1 July 2022	53,348	91,018	19,106	30,717	194,189
Additions	76,165	19,621	-	-	95,786
Transfer from exploration and evaluation	-	31,246	-	-	31,246
Rehabilitation cost estimate change	-	-	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**

	Production stripping costs	Other mine development	Asset retirement obligation	Mineral rights	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	-	58,944	22,965	30,717	112,626
Additions	53,348	29,381	-	-	82,729
Transfer from assets under construction	-	2,693	-	-	2,693
Rehabilitation change in cost estimate	-	-	(3,859)	-	(3,859)
Balance at 30 June 2022	**53,348**	**91,018**	**19,106**	**30,717**	**194,189**
Accumulated depreciation					
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)**
Balance at 1 July 2021	-	(27,961)	(1,756)	(19,883)	(49,600)
Amortisation	(79)	(11,409)	(1,434)	(251)	(13,173)
Balance at 30 June 2022	**(79)**	**(39,370)**	**(3,190)**	**(20,134)**	**(62,773)**
Carrying amounts					
At 1 July 2021	-	30,982	21,209	10,834	63,025
At 30 June 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**

Key estimates and judgements

Stripping costs:

The Group capitalises mining costs incurred during the production stage of its operations in accordance with the accounting policy described above. Once it has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g. in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g. in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Reserves and resources:

The Group determines and reports ore reserves under the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Code ("JORC") as revised December 2012 JORC for underground reserves and the JORC 2012 edition for open pit reserves. The JORC code requires the use of reasonable investment assumptions to calculate reserves. Reserves determined in this way are taken into account in the calculation of depreciation of mining plant and equipment (refer to note 10), amortisation of capitalised development expenditure (refer to note 11 above), 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.

12 EXPLORATION AND EVALUATION

Accounting policy

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

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. When production commences, the accumulated costs for the relevant area of interest will be reclassified to mine properties and amortised over the life of the area according to the rate of depletion of reserves. No amortisation is charged during the exploration and evaluation phase.

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.

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Opening balance	41,133	37,135
Exploration and evaluation expenditure incurred in current period[a]	8,061	6,520
Exploration expenditure transferred to profit or loss[b]	(7,181)	(2,522)
Exploration expenditure transferred to mine development[c]	(31,246)	-
Closing balance	**10,767**	**41,133**

(a) During the period exploration costs at Darlot of $3.2 million (2022: $2.5 million) were incurred. In addition, $4.0 million for drilling and related costs at King of the Hills gold project were capitalised (2022: $0.8 million).

(b) The carrying value of exploration costs totalling $7.2 million were expensed (2022: $2.5 million). These costs were associated with drilling and studies at the KOTH and Darlot gold project where no further work will be performed in those particular areas.

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

Key estimates and judgements

Capitalised exploration and evaluation assets:

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

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

13 TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are recognised at the value of invoices received from suppliers. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. They are non-interest bearing and are normally settled in 15 to 45 day terms.

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Current		
Creditors and accruals	56,527	60,069
Royalties and other indirect taxes	6,666	1,663
Other creditors	490	2,442
	63,683	**64,174**

14 PROVISIONS

Accounting policy

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.

Rehabilitation and mine closure provisions:

A provision for rehabilitation costs is made based on the net present value of the Group's estimated cost of restoring the environmental disturbance that has occurred up to the balance date. Increases due to additional environmental disturbances are capitalised to the asset retirement obligation (refer note 11) and amortised over the remaining lives of the operations where they have future economic benefit, otherwise they are expensed. These increases are accounted for on a net present value basis. A change in the estimate was recorded in the current year to reflect an increase in the contingency applied to estimated future rehabilitation costs.

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

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.

Key estimates and judgements

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.

Risks that could affect the cost of the work required are unforeseen changes in regulations, changes in levels of contamination or changes in the risk-free rate of the applicable government bond being used as the discount rate.

	CONSOLIDATED		
	Rehabilitation provision	Other provisions[a]	Total
	$'000	$'000	$'000
Opening balance	47,681	1,296	48,977
Provisions made	-	1,461	1,461
Provisions utilised	-	(2,310)	(2,310)
Change in estimate of rehabilitation disturbance cost	9,765	-	9,765
Change in economic variables of rehabilitation estimate	(1,873)	-	(1,873)
Unwinding of discount	1,720	-	1,720

Transferred from accounts payable	-	1,946	1,946
Closing balance	**57,293**	**2,393**	**59,686**
Current	-	447	447
Non-current	57,293	1,946	59,239
	57,293	**2,393**	**59,686**

[a] Other provisions: Includes provision for Mine Rehabilitation Fund (MRF) Levy.

15 EMPLOYEE BENEFITS

Accounting policy

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.

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Provision for employee entitlements		
Provision for annual leave	3,823	3,436
Provision for long-service leave	1,690	1,589
Provision for incentive payments	2,414	4,030
	7,927	**9,055**
Current	7,130	8,316
Non-current	797	739
	7,927	**9,055**

16 LEASE LIABILITIES

Accounting policy

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

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

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

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

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

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

	CONSOLIDATED					
	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Less than one year	24,393	25,289	5,836	6,799	18,557	18,490
Between one and five years	56,772	73,581	12,155	16,012	44,617	57,569
Five years and later	23,190	29,282	3,394	5,247	19,796	24,034
	104,355	**128,152**	**21,385**	**28,058**	**82,970**	**100,094**
Current	24,393	25,289	5,836	6,799	18,557	18,490
Non-current	79,962	102,863	15,549	21,259	64,413	81,604
	104,355	**128,152**	**21,385**	**28,058**	**82,970**	**100,094**

Lease liabilities include electricity and gas power plants, vehicles and equipment. Ownership of the vehicles and equipment will revert to the Company at the end of the leases at no additional cost.

The Company's obligations under the leases are secured by the lessor's title to the leased assets. They expire between October 2023 and April 2032 and bear interest at rates between 2.3% and 8.4%.

Variable lease payments on right-of-use assets amounted to $164.4 million for the year (2022: $27.3 million).

Capital structure and financial risk management

17. FINANCIAL LIABILITY

	Bank syndicate debt facility	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Nominal Interest Rate	BBSY bid rate + 4.5%	BBSY bid rate + 4.0%
Loan Term	69 months	69 months
Carrying Value	126,140	172,270
Current	21,854	19,376
Non-current	104,286	152,894
	126,140	**172,270**

Red 5 has a $175.0 million debt facility commitment which was entered into in the prior year with a syndicate comprising BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited. The terms of the debt facility were adjusted in December 2022.

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 5.75 years, maturing on 30 September 2026;
- An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin of 4.0% - 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 $47.3 million has been repaid to 30 June 2023. Loan acquisition costs of $2.7 million have been offset against the $175.0 million drawn down.

Under the Syndicated Facility Agreement which governs the long-term debt, the Company is subject to amended covenants from the March 2023 quarter for which it has to report on a quarterly basis or in the event of a default. The Company has been compliant under those amended financial covenants in FY23.

18. FAIR VALUE MEASUREMENT

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest - level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest - level input that is significant to the fair value measurement is unobservable

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

- Financial liabilities - borrowings of $126.1 million (30 June 2022: $172.3 million)

19. FINANCIAL INSTRUMENTS

Accounting policy

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

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

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

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

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

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

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

It is management's intention to settle each contract through physical delivery of gold and as such, the gold forward sale contracts entered into by the Company do not meet the criteria of financial instruments for accounting purposes which is referred to as the "normal purchase/sale" exemption. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to the counterparty.

20. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

Exposure to credit risk

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

	CONSOLIDATED Carrying amount	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Cash and cash equivalents	20,112	32,526
Trade and other receivables	28,973	19,025
Non-current receivables	8,168	8,180

Liquidity risk

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

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

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

	CONSOLIDATED				
	Carrying amount	**Contractual cash flows**	**Less than one year**	**Between one and five years**	**More than five years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
As at 30 June 2023					
Trade and other payables	63,683	(63,683)	(63,683)	-	-
Lease liabilities	82,970	(104,355)	(24,393)	(56,772)	(23,190)
Financial liabilities	126,140	(150,638)	(32,961)	(117,677)	-
	272,793	**(318,676)**	**(121,037)**	**(174,449)**	**(23,190)**
As at 30 June 2022					
Trade and other payables	64,174	(64,174)	(64,174)	-	-
Lease liabilities	100,094	(128,152)	(25,288)	(73,582)	(29,282)
Financial liabilities	172,270	(194,598)	(27,830)	(166,768)	-
	336,538	**(386,924)**	**(117,292)**	**(240,350)**	**(29,282)**

Market risk

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

Hedge accounting

The Group's risk management policy is to hedge gold sales in local currency as and when appropriate, subject to the terms of the Syndicated Facility Agreement.

At 30 June 2023, there were commitments over future sales of gold from the King of the Hills operation (refer to note 31). These are accounted for using the normal purchase/sale exemption and are not regarded as financial instruments.

Gold price sensitivity

Derivative financial instruments valued using valuations models with inputs such as forward gold prices, are sensitive to gold price fluctuations. Currently there are no derivative financial instruments because the Group accounts for gold hedges using the normal purchase/sale exemption (2022: nil).

Currency risk

The consolidated entity is exposed to currency risk on investments and purchases that are denominated in a currency other than the respective functional currencies of the subsidiaries within the consolidated entity being Australian Dollar (A$) and Philippine Pesos. The currencies in which these transactions primarily are denominated are United States dollars (US$). The consolidated entity has not entered into any derivative financial instruments to hedge such transactions. The Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Interest rate risk

The consolidated entity is exposed to interest rate risk, primarily on its borrowings and on its cash and cash equivalents. This 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 currently use derivatives to mitigate these exposures.

For cash and cash equivalents, the consolidated entity adopts a policy of ensuring that any excess cash is utilised to pay down long term debt under the terms of the Syndicated Facility Agreement.

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	CONSOLIDATED Carrying amount	
	30 June 2023	30 June 2022
	$'000	$'000
Cash and cash equivalents	20,112	32,526
Restricted cash	7,500	7,500
Security deposits	8,162	8,177
Borrowings	(126,140)	(172,270)
	(90,366)	**(124,067)**

Cash flow sensitivity analysis for variable rate instruments

An increase of 200 basis points or decrease of 200 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

	CONSOLIDATED			
	Profit or loss		Equity	
	200pb increase	200bp decrease	200bp increase	200bp decrease
	$'000	$'000	$'000	$'000
30 June 2023				
Variable rate instruments	(1,807)	1,807	(1,807)	1,807
30 June 2022				
Variable rate instruments[a]	(1,421)	1,241	(1,421)	1,241

[a] Effect of 100 basis point changes in FY22

Net fair values

The carrying value of financial assets and liabilities equates to 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 by and reporting to the Board and key management personnel. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21. CONTRIBUTED EQUITY

Accounting policy

Ordinary shares are classified as equity. They 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.

(a) Share capital	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
3,211,739,220 (30 June 2022: 2,356,360,652) ordinary fully paid shares	**596,668**	**443,160**

(b) Movements in ordinary share capital	CONSOLIDATED	
	Thousand shares	$'000
On issue at 30 June 2021	**2,346,323**	**442,626**
Service rights vested	328	85
Performance rights vested and converted to shares	9,710	449
On issue at 30 June 2022	**2,356,361**	**443,160**
On issue at 1 July 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**

(c) Other equity	CONSOLIDATED	
	Thousand shares	$'000
On issue at 30 June 2022[(a)]	581	930
On issue at 30 June 2023	**581**	**930**

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

22. RESERVES

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Foreign currency translation reserve[(a)]	379	433
Share-based payment reserve[(b)]	7,789	6,485
	8,168	**6,918**

[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

23. DISCONTINUED OPERATION

Accounting policy

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

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

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

Sale of Siana Gold Mine (Philippines)

During the previous year (FY2022) the Group sold its interests in the Philippine affiliated company Greenstone Resources Corporation (GRC), which holds both the Siana Gold Project (Siana) and the Mapawa Gold Project, to TVI Resource Development (Phils.) Inc. (TVIRD), the Philippine affiliate of the Canadian-listed TVI Pacific Inc.

The divestment included the process plant and all other infrastructure at Siana. A royalty of 3.25% payable for up to 619,000 ounces of gold is payable to the Group from first gold from the restart of the Siana processing plant. Completion of the closing conditions of the agreement, which included certain Philippine regulatory approvals, took place in September 2021. In FY2021 the Group received gross proceeds of US$19.0 million (approximately A$25.3 million) through the repayment of outstanding shareholder advances due from its Philippine-affiliated company, Red 5 Asia Inc, which was a shareholder of GRC.

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

(a) Results of discontinued operation

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Disposal consideration net of costs to sell	-	22,076
Net assets disposed of	-	(22,580)
Non-controlling interest	-	(3,976)
Foreign currency translation reserve	-	25,704
Gain on sale of discontinued operation[i]	-	21,224
Care and maintenance costs	-	(1,175)
Profit from discontinued operation	**-**	**20,049**

(i) Gain on sale of discontinued operation is mainly derived from the release of the foreign currency translation reserve associated with the disposal of the discontinued operation's net assets. There were no tax consequences on the sale consideration due to available tax losses in the Philippines.

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

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Plant, property and equipment	-	16,740
Mine properties	-	960
Inventory	-	6,014
Trade and other receivables	-	639
Cash and cash equivalents	-	609
Total assets disposed of	-	**24,962**
Trade and other payables	-	(18)
Provisions	-	(2,364)
Net liabilities disposed of	**-**	**(2,382)**
Net assets disposed of	**-**	**22,580**

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

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Net cash used in operating activities	-	(828)
Net cash from investing activities	-	21,467
Net cash from financing activities	-	-
Net cash flow for the year	**-**	**20,639**

24. INCOME TAX AND DEFERRED TAX

Accounting policy

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.

Tax consolidation

Red 5 Limited resolved to form a tax consolidated group incorporating all its Australian subsidiaries, with an effective date of 1 November 2017. In accordance with the tax consolidation legislation, the head entity of the Australian tax consolidated group, will assume the deferred tax assets and liabilities initially recognised by wholly owned members of the tax consolidated group.

	CONSOLIDATED	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Current income tax		
Current income tax charge	-	-
Adjustment for prior period	-	-
	-	**-**
Deferred income tax		
Deferred income tax credit	1,018	842
Adjustment for prior period	(1,018)	73
	-	**915**
Income tax benefit/(charge)	**-**	**915**

A reconciliation between income tax charge and the profit/(loss) before income tax at the applicable income tax rate is as follows:

(Loss)/profit before income tax	**(8,730)**	**(49,579)**
At statutory income tax rate of 30% (2022: 30%)	2,619	14,874
Temporary difference not recognised / (recognised)	59	2,458
Items not allowable for income tax purposes:		
Non-deductible expenses	(1,256)	(1,266)
Utilisation of carry forward tax losses not brought to account	-	-
Current year losses for which deferred tax asset is not recognised	(404)	(15,224)
Prior period adjustment	(1,018)	73
Income tax benefit benefit/(charge)	**-**	**915**

Tax losses and temporary differences not brought to account (tax effected):		
Tax losses	17,930	16,326

A portion of the tax losses and deductible temporary differences have not been recognised as a deferred tax asset at 30 June 2023 because the Directors do not presently believe that their realisation can be regarded as probable, except to the extent that they offset deferred tax liabilities.

Movement in deferred tax balances:

	Net balance at 1 July 2022	Recognised in other comprehensive income	Recognised in profit or loss	Net balance at 30 June 2023
	$'000	$'000	$'000	$'000
Property, plant and equipment and intangible assets	(71,074)	-	(21,309)	(92,383)
Exploration and evaluation assets	(11,941)	-	8,974	(2,967)
Inventories	3,994	-	126	4,120
Provisions and employee benefits	17,000	-	1,742	18,742
Leases	(460)	-	1,246	786
Other items	2,029	-	(227)	1,802
Tax losses recognised	60,452	-	9,448	69,900
	-	-	-	-

	Net balance at 1 July 2021	Recognised in other comprehensive income	Recognised in profit or loss	Net balance at 30 June 2022
	$'000	$'000	$'000	$'000
Property, plant and equipment and intangible assets	(22,463)	-	(48,611)	(71,074)
Exploration and evaluation assets	(9,561)	-	(2,380)	(11,941)
Inventories	-	-	3,994	3,994
Provisions and employee benefits	18,771	-	(1,771)	17,000
Derivative financial instruments	-	618	(618)	-
Leases	1,584	-	(2,044)	(460)
Other items	(278)	-	2,307	2,029
Tax losses recognised	10,414	-	50,038	60,452
	(1,533)	618	915	-

25. 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

Andrea Sutton
Ian Macpherson
Colin Loosemore
Steve Tombs
Kevin Dundo (resigned 12 March 2023)
Fiona Harris (resigned 6 December 2022)

Other executives

Richard Hay – Chief Operating Officer
Patrick Duffy – Chief Financial Officer

Jason Greive – previous Chief Operating Officer
John Tasovac – previous Chief Financial Officer

Compensation of key management personnel

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

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$	$
Key management personnel		
Short term benefits including service rights	2,012,948	2,241,301
Post-employment benefits	104,057	141,130
Long term benefits	97,559	146,095
Share based payments [a]	(423,290)	1,039,696
	1,791,274	**3,568,273**

[a] Includes share based payments expensed and cancelled.

Loans to key management personnel

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

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 28.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Accounting policy

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

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

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

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

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

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

For the year ended 30 June 2023:

Performance rights Series:	Balance at 1 July 2022	Granted [(a)]	Vested [(b)]	Forfeited [(c)]	Balance at 30 June 2023
	No. rights	No. rights	No. rights	No. rights	No. rights
2023 Series	7,945,729	-	-	-	7,945,729
2023 PIO Series	11,550,613	-	-	-	11,550,613
2024 Series	18,410,000	-	-	-	18,410,000
2025 Series	-	16,779,780	-	-	16,779,780
Total	**37,906,342**	**16,779,780**	**-**	**-**	**54,686,122**

For the year ended 30 June 2022:

Performance rights Series:	Balance at 1 July 2021	Granted [(a)]	Vested [(b)]	Forfeited [(c)]	Balance at 30 June 2022
	No. rights	No. rights	No. rights	No. rights	No. rights
2022 Series	10,442,031	-	(5,576,211)	(4,865,820)	-
2023 Series	7,945,729	-	-	-	7,945,729
2023 PIO Series	-	11,550,613	-	-	11,550,613
2024 Series	-	18,410,000	-	-	18,410,000
Total	**18,387,760**	**29,960,613**	**(5,576,211)**	**(4,865,820)**	**37,906,342**

(a) Performance rights granted during the year ended 30 June 2023:

LTIP Performance rights were granted to the Managing Director, Key Management Personnel, Senior Management and other operational employees during the period. The performance rights are split into two tranches based on different performance conditions measured over a period commencing 1 July 2022 to the vesting date which is 30 June 2025 if the conditions are met.

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

FY23 LTI Performance Rights 2025 Series (Expiry date: 30 June 2025)					
	Tranche A		**Tranche B**		**Total**
Total performance rights	11,745,853		5,033,927		**16,779,780**
Value per right	$0.142		$0.159		
Valuation per tranche	**$1,667,911**		**$800,394**		**$2,468,305**
Condition criteria	TSR ranking relative to TSR of S&P/ASX All Ordinaries Gold Total Return Index.		Growth in the Company's Ore Reserves (proved and probable).		In addition, vesting of the performance rights is also conditional on the following being exceeded: - a positive Company TSR for the measurement period.
	TSR > Index TSR +20%	100%	Stretch: 35% or over	100%	
	TSR > Index TSR +10%	50%	Target: 20%	50%	
	TSR < or equal to Index TSR	nil	Threshold: 15%	25%	
			< 15%	nil	

	LTIP Rights (2025 Series)
Model inputs	
Grant date	24 November 2022
Value of the underlying security at grant date	$0.185
Exercise price	nil
Dividend yield	nil
Risk free rate	3.29%
Volatility	70%
Performance period (years)	3.00
Commencement of measurement period	1 July 2022
Vesting date	30 June 2025
Remaining performance period (years)	2.82
Weighted average fair value per right	**$0.147**
Number of performance rights	16,779,780
Total Valuation	**$2,468,305**

(b) Performance rights vested during the year ended 30 June 2023:

In accordance with the terms of the Red 5 Rights Plan, the PIO series performance rights that were issued to key management personnel and senior management in respect of performance conditions measured over the two years ended 30 June 2023, have been partially achieved. 2,588,111 PIO rights will vest and be converted to shares.

(c) Performance rights forfeited during the year ended 30 June 2023:

7,945,729 performance rights relating to the 2023 LTI Series and 8,962,502 performance rights relating to the PIO series have lapsed and have been forfeited due to unmet performance conditions. These will be cancelled.

Shares issued, Service and Deferred Rights

	Grant date	Vesting date	Fair value at grant date	Granted	Exercised	Outstanding at 30 June 2023
Service rights issued and vested:						
Mark Williams (b)	19-Aug-22	31-Dec-23	$206,250	671,016	-	671,016
John Tasovac (b)	19-Aug-22	31-Dec-23	$100,000	325,340	-	325,340
Patrick Duffy (b)	19-Aug-22	31-Dec-23	$84,500	274,912	-	274,912
Jason Greive (b)	19-Aug-22	31-Dec-23	$125,000	406,674	-	406,674
Other employees (b)	19-Aug-22	31-Dec-23	$204,517	665,374	-	665,374

(a) Service rights for Mr Greive issued under the Red 5 FY21 Rights Plan. They have a 12 month service test and vested on 1 July 2022 because Mr Greive was still an employee at that date.

(b) Service rights for Mr Williams, Mr Tasovac, Mr Duffy, Mr Greive and certain other employees issued under the Red 5 FY22 Rights Plan. They have an 18 month service test and will vest on 1 January 2024 if the holder of the rights are still employed at Red 5 on 31 December 2023. At reporting date, Mr Greive and Mr Tasovac had resigned. Their unvested service rights will therefore be cancelled.

Share based payments expense for the shares issued, service and deferred rights was $0.279 million, (2022: nil). The fair value is based on observable market share price at the date of grant.

Key estimates and judgements

Share based payment transactions:

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

27. REMUNERATION OF THE AUDITOR

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	CONSOLIDATED	
	30 June 2023	**30 June 2022**
	$	**$**
Amounts paid or due and payable to the auditor for:		
Auditing and reviewing financial reports		
- KPMG Australia	219,900	195,900
- KPMG Australia fee from prior year	-	40,000
- Overseas KPMG firms	-	4,445
Taxation advisory services		
- KPMG Australia	95,428	44,546
	315,328	**284,891**

28. INVESTMENTS IN CONTROLLED ENTITIES

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

	Country of incorporation	Class of shares	Equity holding	
			2023	2022
Name of controlled entity:			%	%
Bremer Resources Pty Ltd	Australia	Ordinary	100	100
Estuary Resources Pty Ltd	Australia	Ordinary	100	100
Greenstone Resources (WA) Pty Ltd	Australia	Ordinary	100	100
Oakborough Pty Ltd	Australia	Ordinary	100	100
Opus Resources Pty Ltd	Australia	Ordinary	100	100
Red 5 Philippines Pty Ltd	Australia	Ordinary	100	100
Red 5 Mapawa Pty Ltd	Australia	Ordinary	100	100
Red 5 Dayano Pty Ltd	Australia	Ordinary	100	100
Darlot Mining Company Pty Ltd	Australia	Ordinary	100	100
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.

29. DEED OF CROSS GUARANTEE

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

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

The subsidiaries subject to the Deed are:

- Opus Resources Pty Ltd
- Darlot Mining Company Pty Ltd
- Greenstone Resources (WA) Pty Ltd

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

A consolidated statement of comprehensive income and a consolidated statement of financial position, comprising of the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2023, is set out as follows:

Statement of Comprehensive Income:	**CLOSED GROUP YEAR ENDED**	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Sales revenue	422,745	164,962
Cost of sales	(394,620)	(196,049)
Gross profit/(loss)	**28,125**	**(31,087)**
Other income and expenses		
Other income	446	208
Administration and other expenses	(8,514)	(13,547)
Exploration expenditure	(7,181)	(2,522)
Operating profit/(loss)	**12,876**	**(46,948)**
Financing income	61	8
Financing expenses	(21,722)	(126,388)
Net financing expense	(21,661)	(126,380)
Profit/(loss) income tax expense	**(8,785)**	**(172,328)**
Income tax benefit/(expense)	-	915
Net (loss)/profit after income tax from continuing operations	**(8,785)**	**(172,413)**
Other comprehensive income/(loss)		
Cashflow hedge movements	-	(1,444)
Total comprehensive profit/(loss) for the year	**(8,785)**	**(173,857)**

Statement of Financial Position:	CLOSED GROUP YEAR ENDED	
	30 June 2023	30 June 2022
	$'000	$'000
Assets		
Cash and cash equivalents	20,075	32,474
Trade and other receivables	28,456	18,880
Inventories	76,550	41,415
Total current assets	**125,081**	**92,769**
Property, plant and equipment	289,329	303,378
Mine properties	228,498	131,273
Exploration and evaluation assets	10,767	41,133
Trade and other receivables	7,499	7,380
Inventories	7,911	-
Intangible assets	168	291
Investments	658	658
Total non-current assets	**544,830**	**484,113**
Total assets	**669,911**	**576,882**
Liabilities		
Trade and other payables	63,564	64,987
Employee benefits	7,130	8,316
Borrowings	21,854	19,376
Lease liabilities	18,557	18,490
Total current liabilities	**111,105**	**111,169**
Employee benefits	797	739
Provisions	59,239	47,681
Borrowings	104,286	152,894
Lease liabilities	64,413	81,604
Total non-current liabilities	**228,735**	**282,918**
Total liabilities	**339,840**	**394,087**
Net assets	**330,071**	**182,795**
Equity		
Contributed equity	598,919	445,411
Other equity	930	930
Reserves	38,491	35,938
Accumulated losses	(308,269)	(299,484)
Total equity	**330,071**	**182,795**

30. PARENT ENTITY DISCLOSURES

The following details information relating to the parent entity, Red 5 Limited:

Financial position of the parent entity:	**PARENT ENTITY YEAR ENDED**	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Assets		
Current assets	20,641	28,849
Non-current assets	396,202	292,988
	416,843	**321,837**
Liabilities		
Current liabilities	29,329	25,340
Non-current liabilities	106,483	153,263
	135,812	**178,603**
Equity		
Contributed equity	596,668	443,160
Other equity	930	930
Reserves	7,789	6,485
Accumulated losses	(324,356)	(307,341)
	281,031	**143,234**

Result of the parent entity:	**PARENT ENTITY YEAR ENDED**	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Profit / (loss) for the year	(18,263)	(172,413)
Other comprehensive income	-	(1,444)
Total comprehensive profit / (loss) for the year	**(18,263)**	**(173,857)**
Financial commitments of the parent entity:		
Low value and short term leases:		
Not later than one year	-	-
Total financial commitments	**-**	**-**

Contingent liabilities of the parent entity:

The parent entity did not have any contingent liabilities at 30 June 2023 (2022: $nil).

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

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 29.

31. CAPITAL COMMITMENTS

	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Capital expenditure commitments		
Contracted but not provided for:		
- not later than one year	-	15,413
	-	**15,413**
Contractual sale commitments		
Sale commitments: [a]		
- not later than one year	247,005	125,072
- later than one year but not later than two years	257,302	184,419
- later than two years but not later than five years	286,728	100,533
	791,035	**410,024**
Contractual expenditure commitments		
Non-capital expenditure commitments:		
- not later than one year	267	904
	267	**904**
Tenement expenditure commitments:		
- not later than one year	6,493	3,291
- later than one year but not later than two years	-	2,931
	6,493	**6,222**

[a] New gold forward contracts were entered into during the year, amounting to 196,389 ounces of gold produced at the King of the Hills operation. The new hedge contracts are priced at $2,797 per ounce for the period from January 2023 to September 2026.

Total gold forward contracts in place at 30 June 2023 amount to 313,119 ounces (2022: 189,650) of gold produced at the King of the Hills amounting to $791.0 million (2022: $410.0 million) at an average price of A$2,526 per ounce (2022: $2,154 per ounce) and settle between July 2023 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.

32. CONTINGENT LIABILITIES

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

33. SUBSEQUENT EVENTS

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

34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2022 reporting period. Except for the amendment to AASB 16 Property, Plant and Equipment, the Group has not elected to early adopt any other new standards. The other new standards do not have a material effect on the Group's financial statements.

Amendment to AASB 116 Property, Plant and Equipment:
The Group has elected to early adopt the amendment in AASB 116 Property, Plant and Equipment, effective for annual periods beginning on or after 1 January 2022.

The amendment to AASB 116 prohibits an entity from deducting from the cost of an item of property, plant or equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

The effect of adopting the amendment in AASB 116 is to recognise in profit or loss the proceeds from sales of gold ore produced by the Group's King of the Hills operation while it is still in pre-production phase. Prior to the amendment pre-production sales proceeds were recognised as a credit against the cost of the asset.

Effect of pre-production sales from King of the Hills:	CONSOLIDATED	
	30 June 2023	30 June 2022
	$'000	$'000
Gold and silver sales [(a)]	-	3,205
Costs of goods sold [(b)]	-	(7,644)
Effect on gross profit	**-**	**(4,439)**

[(a)] Pre-production gold ounces sold that were produced by King of the Hills processing plant amounted to 1,205 ounces in the prior year. This excludes ore fed into the plant sourced from the Great Western operation.

[(b)] Costs of producing the gold ounces sold by King of the Hills during the pre-production phase were allocated to the cost of goods sold on the basis of the inventory value of the finished goods sold, along with an allocation of administrative overheads.

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

(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 2023 and of its performance for the financial year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

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

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

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

The Board of Directors has received the declaration by the Managing Director and Chief Financial Officer required by Section 295A of the Corporations Act 2001, for the year ended 30 June 2023.

Signed in accordance with a resolution of the Directors.

Ian Macpherson
Audit Committee Chair

Perth, Western Australia
29 August 2023

KPMG

Independent Auditor's Report

To the shareholders of Red 5 Limited

Report on the audit of the Financial Report

Opinion

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

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

- Giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

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

Basis for opinion

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

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

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

Key Audit Matters

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

- Sales revenue; and
- Rehabilitation provision.

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

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

Sales Revenue ($422.745 million)

Refer to Note 4(a) to the Financial Report

The key audit matter	How the matter was addressed in our audit
Existence and accuracy of sales revenue is a key audit matter due to its significance to the consolidated financial statements combined with the incremental audit effort assessing the application of relevant accounting standards. Gold sales revenue from the Group's King of the Hills (KOTH) operations was the most significant item in the consolidated statement of profit or loss. We focused on the following judgements the Group applied in determining sales revenue: • Assessing the revenue recognised against the requirements of AASB 15 *Revenue from Contracts with Customers;* • Judgements made by the Group in the recognition and measurement of revenue and the level of audit effort required by us in assessing the Group's assumptions underlying the timing of its recognition based on the terms of the relevant agreements; and • Determination of gold receivable from or payable to the refiner at year end and the associated impact to revenue recognised. The application of the "normal purchase/sale" exemption for gold forward contracts.	Our procedures included: • We evaluated the Group's accounting policies for the recognition of sales revenue against the requirements of AASB 15 and our understanding of the business; • For gold sales recognised during the year we obtained the sales invoice and compared the quantity sold against third party statements from the refinery and cash received in the bank; • For a sample of sales recorded close to year end, we tested against the recognition criteria of AASB 15 checking control had passed to the customer. Where revenue was recognized based on a provisional outturn, we inspected the final outturn received subsequent to year-end, tracing gold payable to third party statements from the refinery and quoted commodity prices; and • For gold forward contracts where "normal purchase/sale" exemption was applied, we checked the gold forward contracts, compared to the Group's gold production forecasts and inquired with finance and operational personnel as to the intention to deliver physical gold into those contracts in accordance with the requirements of the accounting standards to apply the own-use exemption. We evaluated the adequacy of the disclosures made in the financials against the requirements of the accounting standards.

Rehabilitation provision ($57.923m)

Refer to Note 14 to the Financial Report

The key audit matter	How the matter was addressed in our audit

The rehabilitation provision is considered to be a key audit matter. This is due to the additional audit effort from the:
• Inherent complexity in the Group estimating future environmental restoration and rehabilitation costs; and
• Significant judgement applied by the Group, and effort for us, in gathering persuasive audit evidence on the costs, particularly for those costs to be incurred several years in the future.
The estimate of the rehabilitation provision is influenced by:
• The complexity in current environmental and regulatory requirements, and the impact to completeness of the rehabilitation provision;
• The expected environmental management strategy of the Group and the nature of the costs incorporated into the rehabilitation provision; and
• The expected timing of expenditure which is planned to occur several years into the future, and the associated inflation and discounting of costs in the present value calculation of the rehabilitation provision.
The Group uses third party and internal experts when assessing their obligations for restoration and rehabilitation activities and associated estimates of future costs.
	Our procedures included:
	• Comparing the basis for recognition and measurement of the rehabilitation provision for consistency with environmental and regulatory requirements and criteria in the accounting standards;
	• Evaluating the methodology applied by the Group's internal and third-party experts in determining the nature and extent of rehabilitation activities by comparison to industry practice;
	• Obtaining the Group's rehabilitation provision estimation, and critically evaluated by:
	    o Comparing the nature and extent of activities costed to a sample of the Group's rehabilitation plans and relevant regulatory requirements;
	    o Involving our sustainability closure specialists, we tested key environmental-related assumptions incorporated into the financial modelling of closure cost activities against environmental laws and regulations and industry guidelines;
	    o Assessing the planned timing of rehabilitation activities through comparison to the Group's strategy and plans for commencement and completion of rehabilitation activities;
	    o Assessing the competence, scope and objectivity of the Group's internal and third party experts used in the determination of the rehabilitation provision estimate; and
	    o Working with our valuation specialists, comparing inflation rate and discount rate assumptions in the Group's rehabilitation provision determination to external market data for Australian bond rates and Australian inflation targets.
	• Evaluating the completeness of the rehabilitation provision against the Group's analysis of where disturbance requires rehabilitation and comparing to our understanding of the Group's operations. We did this by each operating location; and

	• Assessing the disclosures in the financial report using our understanding obtained from our testing against the requirements of the accounting standard. This included evaluating the current and non-current rehabilitation provision disclosure for consistency to the planned timing of the rehabilitation expenditure.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Red 5 Limited for the year ended 30 June 2023 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 16 to 29 of the Directors' report for the year ended 30 June 2023.

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

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

29 August 2023